

# Applied Economics

SENIOR  
HIGH  
SCHOOL

E-Commerce

Self-Learning  
Module

8

Quarter 4



**Applied Economics**

**Quarter 4 – Self-Learning Module 8: E-Commerce**

**First Edition, 2020**

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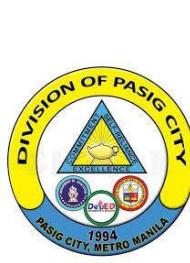
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# Applied Economics

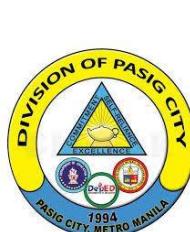
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## Introductory Message

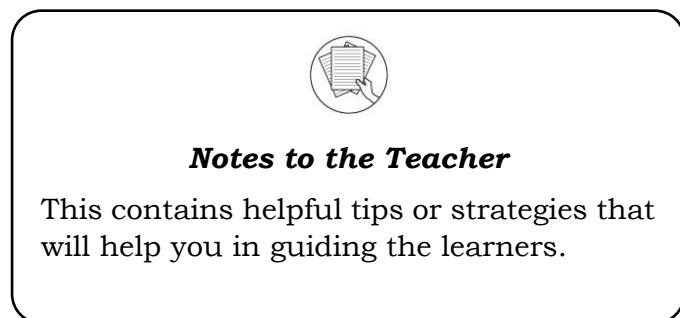
For the facilitator:

Welcome to the Senior High School – Applied Economics Self Learning Module on E-Commerce!

This Self-Learning Module was collaboratively designed, developed and reviewed by educators from the Schools Division Office of Pasig City headed by its Officer-in-Charge Schools Division Superintendent, Ma. Evalou Concepcion A. Agustin, in partnership with the City Government of Pasig through its mayor, Honorable Victor Ma. Regis N. Sotto. The writers utilized the standards set by the K to 12 Curriculum using the Most Essential Learning Competencies (MELC) in developing this instructional resource.

This learning material hopes to engage the learners in guided and independent learning activities at their own pace and time. Further, this also aims to help learners acquire the needed 21st century skills especially the 5 Cs, namely: Communication, Collaboration, Creativity, Critical Thinking, and Character while taking into consideration their needs and circumstances.

In addition to the material in the main text, you will also see this box in the body of the module:



As a facilitator you are expected to orient the learners on how to use this module. You also need to keep track of the learners' progress while allowing them to manage their own learning. Moreover, you are expected to encourage and assist the learners as they do the tasks included in the module.

For the learner:

Welcome to the Applied Economics Self Learning Module on E-Commerce!

This module was designed to provide you with fun and meaningful opportunities for guided and independent learning at your own pace and time. You will be enabled to process the contents of the learning material while being an active learner.

This module has the following parts and corresponding icons:



**Expectations** - This points to the set of knowledge and skills that you will learn after completing the module.



**Pretest** - This measures your prior knowledge about the lesson at hand.



**Recap** - This part of the module provides a review of concepts and skills that you already know about a previous lesson.



**Lesson** - This section discusses the topic in the module.



**Activities** - This is a set of activities that you need to perform.



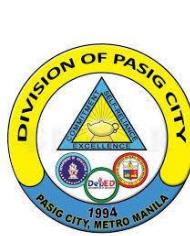
**Wrap-Up** - This section summarizes the concepts and application of the lesson.



**Valuing** - This part integrates a desirable moral value in the lesson.



**Posttest** - This measures how much you have learned from the entire module.





## EXPECTATIONS

After going through this module, you are expected to:

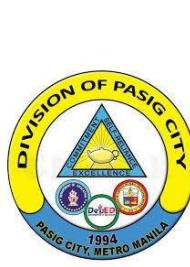
1. define e-commerce;
2. enumerate the advantages and disadvantages of e-commerce; and
3. apply business principles, tools, and techniques in e-commerce.



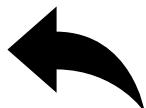
## PRETEST

Directions: Choose the letter of the best answer and write it on a separate sheet of paper.

1. It is the exchange of information or business transactions using any form of electronic communication.
  - A. E-Commerce
  - B. Online Business
  - C. Digital Market
  - D. Online Economy
2. Below are the advantages of online business transactions, EXCEPT:
  - A. easy to pay
  - B. opens 24 hours, 7 days a week
  - C. more product selection
  - D. none of the above
3. Below are the disadvantages of online business transactions, EXCEPT:
  - A. customer service
  - B. instant satisfaction
  - C. product check
  - D. none of the above



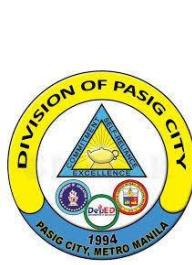
4. E-commerce operates in the following market segments, EXCEPT:
  - A. business to business
  - B. business to consumer
  - C. consumer to consumer
  - D. none of the above
5. It is the top online product spent by Filipinos in 2019.
  - A. fashion and beauty
  - B. electronics
  - C. food
  - D. furniture



## RECAP

Directions: Enumerate the effects of international trade on the economy.

1. \_\_\_\_\_.
2. \_\_\_\_\_.
3. \_\_\_\_\_.
4. \_\_\_\_\_.
5. \_\_\_\_\_.





## LESSON

### **E-Commerce**

Electronic Commerce (e-commerce, eCommerce) is the exchange of information or business transactions using any form of electronic communication. E-commerce operates in all four of the following major market segments: (1) business to business; (2) business to consumer; (3) consumer to consumer; and (4) consumer to business.

E-commerce is facilitated through the use of electronic devices such as computers, tablets, and smartphones which may be thought of like a digital version of mail-order catalog shopping. With e-commerce, businesses may establish a wider market presence by providing cheaper and more efficient distribution channels for their products or services.

#### **Advantages of E-Commerce**

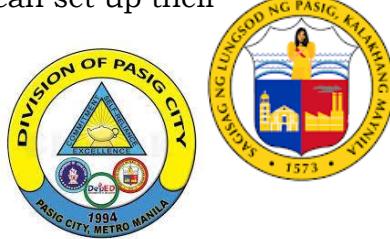
1. Convenience. E-commerce can operate 24 hours a day, seven days a week.
2. Increased selection. Many stores offer a wider array of products online than they carry in their brick-and-mortar counterparts.

#### **Disadvantages of E-Commerce**

1. Limited customer service. If you are going to buy a computer online, you cannot simply ask an employee to demonstrate a particular model's features in person.
2. Lack of instant gratification. When you buy an item online, you must wait for it to be shipped to your home or office.
3. Inability to touch the products. Online images do not necessarily convey the whole story about an item, and so e-commerce purchases can be unsatisfying when the products received do not match consumer expectations.

### **E-Commerce in the Philippines**

E-Commerce accounts for USD 1.3 trillion of the world's economy. eCommerce allows local businesses to broaden their markets well beyond Philippine shores. Personal e-commerce can easily be achieved by Filipinos through any of the numerous buys and sell sites currently available. While businesses can set up their e-commerce facility using their websites.



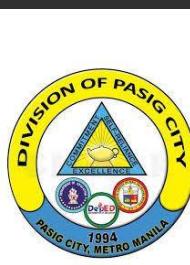
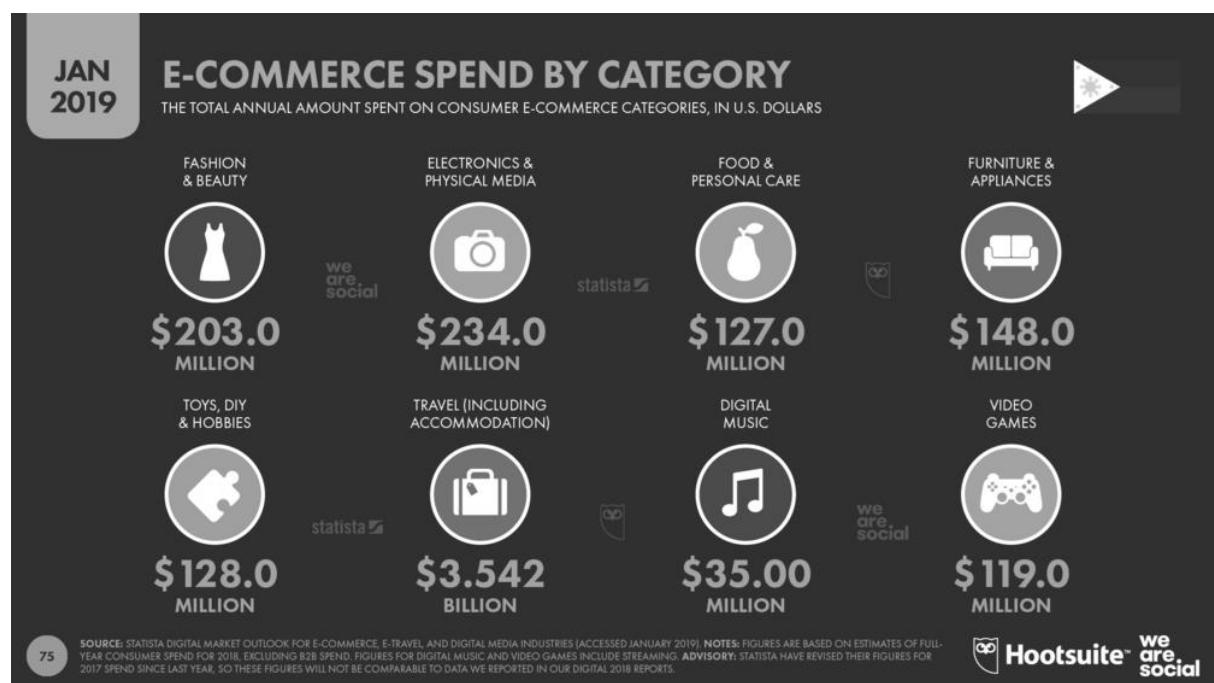
With the global pandemic, there is an increase in the demand for e-commerce in the Philippines. While the younger population embraced online shopping, the need for social distancing has pushed the cash-centric and face to face shopping culture towards a more digital one, and this is expected to continue. What is lacking is the proper digital and logistics infrastructure to truly enable a digital economy. There is a need to upgrade the bandwidth capacity to service the online market.

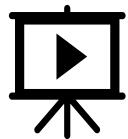
Filipinos are prolific users of social media. Estimates this year show that there are 76 million active social media users from the Philippines. Of this number, 75 million are on Facebook, 12 million on Twitter, and 4 million are LinkedIn users. There is good reason to be optimistic about e-commerce growth in the Philippines.

Kemp and Moey (2019) released a study about e-commerce in the Philippines. According to their report, Filipinos spent a total of USD 4.7 billion on online purchases in 2018, with more than three-quarters of this amount – USD 3.5 billion – going to online travel purchases. Online consumer goods purchases totaled just USD 840 million in 2018, with electronics and physical media accounting for the greatest share within this total.

The market for digital media products in the Philippines is particularly small, with the country's internet users spending just USD 286 million across video games, video-on-demand services like Netflix, digital music streaming and downloads, and subscriptions to digital news and magazines.

The average Filipino e-commerce shopper spent USD 18 on online consumer goods purchases in 2018, although it's worth stressing that this figure doesn't include travel-related purchases or spend on digital media.





## ACTIVITIES

### Activity 1: Name It!

Directions: Name at least five (5) e-commerce businesses that operate in your area or within Metro Manila.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

### Activity 2: Business Tool

Directions: From the list above, choose one (1) e-commerce business and identify its business environment and competitiveness using any of the business tools (Environmental Scanning, SWOT Analysis, or Porter's Five Forces Model). Use the space provided below or a separate sheet for your answer.



## WRAP-UP

To summarize what you have learned in the lesson, answer the following questions:

1. What is e-commerce?
2. What are the advantages and disadvantages of e-commerce?



## VALUING

Reflect on this!

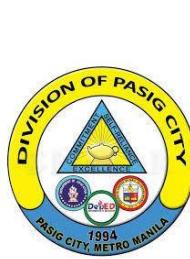
*“Always deliver more than expected.” -Larry Page*



## POSTTEST

Directions: Read each statement carefully. Write **T** if the statement is correct, otherwise write **F**.

- \_\_\_\_\_ 1. The average Filipino e-commerce shopper spent USD 18 on online consumer goods purchases in 2018.
- \_\_\_\_\_ 2. E-Commerce accounts for USD 3 trillion of the world's economy.
- \_\_\_\_\_ 3. One of the advantages of e-commerce is inability to touch the products.
- \_\_\_\_\_ 4. Many stores offer a wider array of products online than they carry in their brick-and-mortar counterparts.
- \_\_\_\_\_ 5. E-commerce is facilitated through the use of electronic devices such as computers, tablets, and smartphones.





## KEY TO CORRECTION

PRETEST:	1. T 2. F 3. D 4. A 5. B
POSTTEST:	1. T 2. F 3. F 4. T 5. T

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