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Applied Economics

SENIOR
HIGH
SCHOOL

Retail Trade Industry

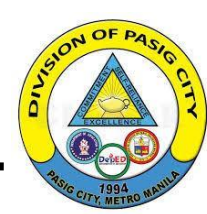
Self-Learning
Module

5

Quarter 4



ACCOUNTANCY, BUSINESS AND MANAGEMENT



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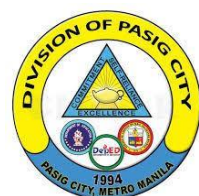
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Introductory Message

For the facilitator:

Welcome to the Senior High School – Applied Economics Self Learning Module on Retail Trade Industry!

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:



Notes to the Teacher

This contains helpful tips or strategies that will help you in guiding the learners.

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 Retail Trade Industry!

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 retail trade;
2. understand the importance of the retail industry on the economy; and
3. apply business principles, tools, and techniques in the retail trade business.



PRETEST

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

1. It is a business activity associated with the sale of goods to the ultimate customer.
 - A. Merchandise
 - B. Manufacturing
 - C. Retail Trade
 - D. Service Trade
2. It is the promotion of goods and services that are available for retail sale.
 - A. Merchandising
 - B. Manufacturing
 - C. Servicing
 - D. Trading
3. Below are the examples of retail trade business, EXCEPT.
 - A. Online Store
 - B. Sari-Sari Store
 - C. Motorcycle Trade
 - D. None of the above

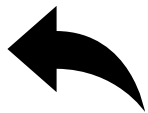


4. These are business firms engaged in offering goods and services directly to consumers.

- A. Service business
- B. Retail business
- C. Manufacturing business
- D. None of the above

5. How many retail businesses were established and registered in 2017?

- A. 101,136
- B. 115,998
- C. 123,487
- D. None of the above



RECAP

Directions: Define the following terms.

1. Manufacturing -

2. Economies of Scale -





LESSON

Merchandising Business

Merchandising is the promotion of goods and services that are available for retail sale. Merchandising includes the determination of quantities, setting prices for goods and services, creating display designs, developing marketing strategies, and establishing discounts or coupons. Merchandising is part of the retail trade industry.

Retail Trade Industry

Retail trade is the business activity associated with the sale of goods to the ultimate customer. It links the manufacturers and the customers of the product. Typically retailers sell goods in small quantities to consumers for personal use, not for resale or business use.

Typical Types of Retail Trade Business

Retail enterprises can be either independently owned and operated or part of a "chain," a group of two or more stores whose activities are determined and coordinated by a single management group. Stores that are part of a chain may all be owned by a single company, but in other cases, the individual stores may be franchises that are independently owned by a small business person.

Many different types of retail establishments exist, as noted above, the overall industry has seen no barriers that had long separated the wide range of companies operating under the retail umbrella. Nonetheless, retailing establishments still generally fall into one of the following general categories:

- 1. Specialty Stores** - These establishments typically concentrate on selling a single type or very limited range of merchandise. Clothing stores, musical instrument stores, sewing shops, and party supply stores all fall within this category.
- 2. Department Stores** - These establishments are comprised of a series of departments, each of which specializes in selling a particular grouping of products. Under this compartmentalized arrangement, consumers go to one area of the store to purchase tableware and another area to acquire bedding, for example.
- 3. Supermarkets** - These retail establishments, which are primarily involved in providing food to consumers but have increasingly ventured into other product areas in recent years, account for the vast majority of total food-store sales in America.
- 4. Convenience Stores** - It is a retail outlet that sells a limited range of prepared and ready-to-eat food, bottled and fountain beverages, household staples, tobacco products, and periodicals.



Retail Industry in the Philippines

Retail trade is widely known as a very competitive area of commercial endeavor. Businessmen note that many fledgling retail establishments do not survive for more than a few years. Indeed, competition for sales has become so great that consumers have seen a marked blurring of product lines among retailers. Increasingly, retailers have taken to stocking a much greater variety of goods than their basic industry classification would indicate (bookstores, for example, increasingly stock electronic products, while other ready-to-eat food such as snacks and biscuits, and personal hygiene products can be found in contemporary drug stores). This development further complicates efforts to establish and maintain a healthy presence in the market. But for the small business owner who launches a retail store on an adequate foundation of capital, and attractive merchandise, involvement in the trade can be rewarding on both financial and personal fulfillment levels.

The latest Annual Survey of Philippine Business and Industry (ASPBI) showed that a total of 101,136 establishments were engaged in wholesale and retail trade in 2017. This represents a decrease of 12.8% compared with the 115,998 establishments in 2016.

Among the industry groups, retail sale of other goods in specialized stores reported the highest share of 30.7% to the total number of establishments for the sector. This was followed by the retail sale of other household equipment in specialized stores with 13.4%. Retail sale of food, beverages, and tobacco in specialized stores came in third with 8.9%.

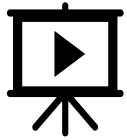
Wholesale and Retail Trade 2016-2017

Particulars	2017	2016	Growth Rate (%)
Number of Establishments	101,136	115,998	(12.8)
Employment	1,109,799	1,114,717	(0.4)
Employment per Establishment	11	10	10.0
Compensation (<i>in thousand pesos</i>)	191,211,488	165,988,820	15.2
Average Annual Compensation	175,628	154,085	14.0
Income (<i>in thousand pesos</i>)	5,085,630,021	4,055,445,027	25.4
Expense (<i>in thousand pesos</i>)	4,864,967,463	3,877,691,016	25.5
Income per Expense Ratio	1.05	1.05	0.0
Gross Margin(<i>in thousand pesos</i>)	825,347,934	667,489,728	23.6
Value Added (<i>in thousand pesos</i>)	517,265,949	426,582,356	21.3
Labor Productivity (<i>in thousand pesos</i>)	466	383	21.7
Gross Additions to Tangible Fixed Assets (<i>in thousand pesos</i>)	45,614,707	26,261,344	73.7
Change in Inventories (<i>in thousand pesos</i>)	53,095,389	39,552,317	34.2
Subsidy(<i>in thousand pesos</i>)	9,575,492	801,965	1,094.0
Sales from e-commerce (<i>in thousand pesos</i>)	5,679,892	2,030,548	179.7

() – negative value

Source: PSA





ACTIVITIES

Activity 1: Name It!

Directions: Name at least five (5) retail trade 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) retail trade 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 below or separate sheets for your answer.





WRAP-UP

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

1. What is the retail trade business?
2. What is the importance of the retail trade industry on the economy?



VALUING

Reflect on this!

“Your smile is your logo, your personality is your business card, how you leave others feeling after an experience with you becomes your trademark.”

- Jay Danzie



POSTTEST

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

- _____ 1. A supermarket is a retail outlet that sells a limited range of prepared and ready-to-eat food, bottled and fountain beverages, household staples, tobacco products, and periodicals.
- _____ 2. A specialty store is an establishment which typically concentrates on selling a single type or very limited range of merchandise.
- _____ 3. Retail trade is the business activity associated with the sale of goods to the ultimate customer.
- _____ 4. Sari-sari stores are comprised of a series of departments, each of which specializes in selling a particular grouping of products.
- _____ 5. Retail industry has been improved in 2017 compared in 2016.





KEY TO CORRECTION

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

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