

Ministry of Higher Education
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University of Blida 2 Lounici Ali
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Common trunk department



وزارة التعليم العالي والبحث العلمي
جامعة البليدة 2 لونيكي علي
كلية العلوم الاقتصادية ، العلوم التجارية و
علوم التسيير
قسم جذع مشترك

Business English

Second semester

Unit 02 : Introduction to Commerce and trade

Lecture 03: The nature of commerce

First year students

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All individuals are involved in some form of action, which is usually motivated by a certain purpose. Economic activities refer to actions that aim to generate wealth to meet human needs. The primary objective of economic activities is to produce goods and services that will fulfill these needs. The production of goods and services and making them available to consumers is the essence of economic activities. The distribution of goods and services from producers to the ultimate users is facilitated by **commerce**. **So what is commerce?**

1- Nature of Commerce

Commerce is considered to be a part of business. It is that activity of business which is concerned with the exchange of goods and services.

Generally, **trade** and **commerce** are taken as synonymous words. While trade involves buying and selling of goods, **commerce has a wider meaning**. Commerce includes trade and aids to trade. Besides trade, it includes all those activities which help the expansion of trade. The aids to trade include transport, banking, insurance, warehousing, advertisement and salesmanship.

Without the help of such agencies it is not possible to take goods from one place to another for making them available to consumers who are spread all over the world. The services of various agencies which facilitate transportation of goods, finance various activities, provide storing facilities, help in advertising goods and undertake various risks are not only helpful but are necessary for the growth of commerce.

2- Branches of Commerce :

2-1- Trade:

Trade is the process of purchasing or procuring goods and services and selling them to those who need them.

2-2- Transport:

The Goods produced are to be taken to the places of consumption. With the help of transport facilities, these goods can easily reach the consumers. The various modes of transport i.e., road, rail, sea, air have helped the growth of commerce and industries.

2-3- Distribution:

The producer of goods may not be able to come into direct contact with the consumers. A chain of middlemen acts between the producers and consumers.

The middlemen purchase goods from the producers and take them to the consumers. The chain can be composed of wholesalers, retailers, brokers, etc.

2-4- Banking:

Banking is the process of managing financial transactions, including deposits, loans, and investments. Banks play a vital role in the commerce by providing financial services to businesses and individuals.

2-5- Warehousing:

Warehousing involves the storage of goods and materials before they are transported to their final destination. It ensures that products are stored in a safe and secure manner, and it facilitates the movement of goods through the supply chain..

2-6- Advertisement and Salesmanship:

Advertisement and salesmanship help in informing consumers about the availability and usefulness of various products in the market. With the advent of radio, television, the Internet, etc., consumer awareness about various goods is increasing.

2-7- Insurance:

Insurance provides protection against financial loss in case of unexpected events, such as accidents, natural disasters, or other unforeseen circumstances. Insurance is essential for the development of commerce.