

Subject : Business studies

Topic : Buying and Selling

Class : JSS2 A

Week : week 2

Learning Objectives

1. explain the concept of Buying and Selling;
2. explain the four methods of Buying;
3. explain buying by credit;
4. explain the procedures of Buying.

Definition of Buying : Buying simply means the acquisition of goods by paying out some money. A student may need books and Biro for his learning. If he/she does not have the items in his/her bag, then he or she would have to buy from a seller. In order to exchange his or her money for book and biro, there should be a means of determining the price which should be acceptable to both the buyer and seller. The seller fixed his price, and sell at his or her favorite. At the same time the buyer buys if the price is also acceptable to him or her. The process of the agreement is the method of Buying.

Methods of Buying : There are basically four methods of buying.

1. Buying by description.
2. Buying by sample
3. Buying by auction
4. Buying by inspection

Buying by description : This is the process by which a buyer buys goods based on the description of the manufacturer or seller. There are so many of products or goods sold in the market or shop in which the buyer relies on the product descriptions. A buyer who needs to buy butter, bottle drink, bread etc, will not open and test or taste it before Buying rather relies on the description.

Buying by sample : This is when a seller or manufacturer allows the consumer or buyer to taste or test the product before buying or paying for it. In Nigeria, there are number of goods sold by sample examples Garri, Mangos, Oranges etc.

Buying by Auction : This is the selling of goods by public bidding. Prospective buyers bid against one another for goods. In auction sales, the public or interested consumers would be informed of the date, place and type of goods to be sold. Old or new goods can be Auctionend.

Conditions necessary before auctioning :

- a. an auctioneer must be appointed
- b. enough notice must be given to prospective buyers
- c. place of auction must be specified
- d. goods are sold to the highest bidder.

Buying by Inspection : This is the process by which the buyer is given the opportunity to look closely at the goods he or she wants to buy. In Nigeria, practically everything we need to satisfy our needs is sold by inspection examples shoes, clothes, food, construction materials and books.

Credit buying : Credit buying refers to the payment for goods that is deferred until an agreed time. That means no cash payment is offered for goods purchased.

In the commodity market (stalls, shops, open air), goods are sold mainly on basis of Cash-and-Carry.

In Europe and America, most buyers do not carry cash to pay for goods. Banks give their customers plastic cards known as credit cards which are used for payments of goods and services.

credit card : This is a plastic card issued by the bank to its customer, used as a method of payments of things bought without offering a physical cash. Bank credit cards examples MasterCard, VISA and Verve.

Procedures for Buying : Buying procedures are the generally accepted ways of Buying and selling goods. It was first with cowries later to barter now modern business organizations use the following procedures for buying and selling: enquiry, quotation, order, invoice, statement of account, delivery note and receipt.

Enquiry : Most business transactions begin as Enquiries. A buyer enquires when he or she needs something and would like to know how best and how much it would cost to satisfy that need. Enquiries may be made by telephone or personal contact, a letter of enquiry is preferred because it states details and the copy forms a permanent record. Enquiry has details like ;

- a. The name and address of the sender;
- b. The date;
- c. A reference-file number;
- d. The name and address of the person to whom the letter is to be sent;

- e. A salutation: Example Dear Sir/Ma;
- f. The message: this should be direct and precisely written clearly to include:
 - i. The quantity of goods required
 - ii. A full description of items and its qualities;
- g. The complimentary close: example Yours faithfully;
- h. The subscription: example signature of the sender.