TRANSPORT

Is the physical movement of people, goods and service from one place to another.

ELEMENTS OF TRANSPORT

- **The way**:Goods must move on something on land, on water or in air. This is called the way. Ways may be natural like sea, the air or lakes or man made like roads, railway tracks or bridges.
- **The unit of carriage**: Goods do not move themselves. They must be carried in some vehicle, may it be a truck, a lorry, a train, a ship or an aeroplane. These are referred as units of carriage.
- **Method of propulsion**: A unit of carriage must be driven by some force or power. Common methods of propulsion are the petrol engine, jet engine and electric motor. The choice of the method of propulsion depends on the size of the vehicle speed desired and the fuel available.
- **Terminals**: This is the station, air port or car park where loading or unloading of cargo and passengers take place.

IMPORTANCE OF TRANSPORT

- **Promote foreign trade**:

Due to the availability of transport delivery and collection of goods between countries is possible.

- **Develop Regions:**

Good efficient transport system may lead to development of regions by opening up area of production process. Transport provide access to areas which were once unreached.

- **Provide employment:**

Transport provides employment to people like drivers, pilots, air hostesses, road workers, and many others.

- **Create utility**:

The goods and services become only useful when they are moving from the places of production to where they are needed. Hence transport creates place utility of goods and services.

- **Provide a variety:**

Movement of goods from place to another avails people with choice variety. Different goods and service can easily be moved from place of availability to other places.

- **Links producers**:

Transport links produces to consumer by bringing goods and delivers them to producers.

- **Generates Revenue:**

Transport generates revenue for government in form of road license, registration, driving permit and others.

- **Transport workers:**

Workers are easily moved to their places of employment without transport it would be difficult for workers to reach in the office at a time and work effectively.

- **It eliminates scarcity**:

Goods can be moved from area of surplus to area of scarcity. Transport looks market such that goods can easily be conveyed to other areas suffering scarcity.

- **Industries develop:**

Transport encourages the development of industries and agriculture. Businessman will be motivated to locate their ventures in areas with good transport system.

- **Specialization is promoted:**

Transport encourages specialization. People will comfortably locate businesses in areas of their choice knowing that they will easily get what is not produced from other areas with a transport system.

PROBLEMS FACING THE TRANSPORT INDUSTRY IN TANZANIA

- **Weather effect:**

Heavy rains sometimes destroy bridges and roads which make movement of goods, people and services to be difficult to some areas.

- **Hill terrain:**

Mountainous regions like Kabala make the construction of railways difficult. In fact large areas of the country cannot be accessed by trains due to being hill.

- **Construction of bridges is expensive:**

Rivers cross many areas yet construction of bridges is expensive making road transport in such areas impossible.

- **Traffic jams:** The roads are very narrow causing traffic jams during rush hours (early morning and evening)
- **Limited air transport** :

Tanzania has only two international airport hence requiring people to move long distances from whenever they are to Entebbe, This makes the system costly and may discourages some users.

- **High way Robbers:**

Most of the roads and railway lines pass through heavy forests and bush, making them unsecure because of high ways robbers.

- **Inaccessibility:**

Some areas are not easily reached by any transport system. It either so hill or in the valleys or islands and reaching may be difficult.

EFFORTS TAKEN TO REDUCE TRANSPORT PROBLEM IN TANZANIA

1. **Liberalization of trade**

This has reduce government participation in transport,The private sector decide to improve transport problems by buying buses, lorries, airplanes and others. This has eliminated the problem of scarcity.

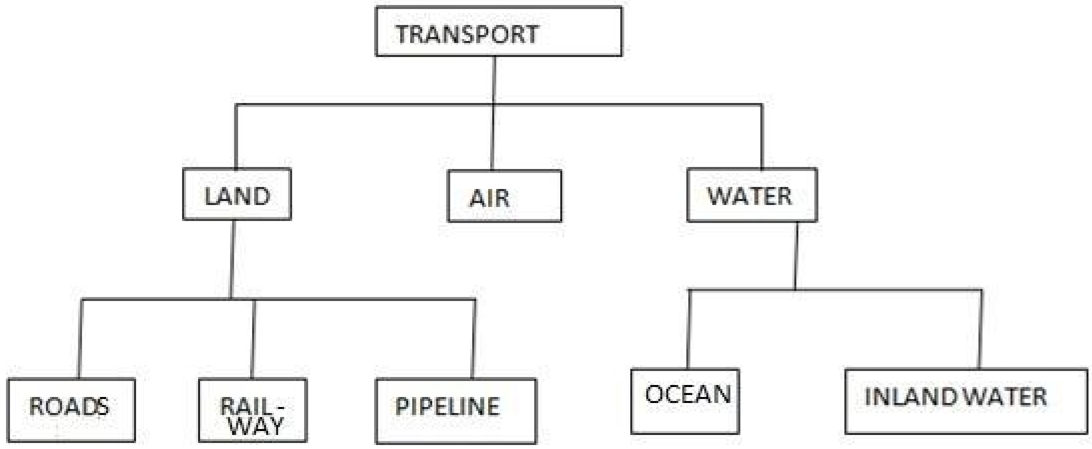
2. **Construction of all weather roads**

The government has tried to make most roads possible, either by terracing or provision of all weather road. This makes the roads usable all year round.

3. **Decentralizing construction**

The government has decentralized the construction of roads by enabling all districts to buy their construction equipment, directly controlled by their local councils.

MODES OF TRANSPORT



ROAD TRANSPORT

Is the mode of land transport which uses trucks and buses.

- Head porters
- Lorries
- Wheel barrows (crabs)
- Buses
- Bicycles
- Motor cycles

ADVANTAGES OF ROAD TRANSPORT

1. **Easy to set up:**

Setting up a road is easier than other systems.

2. **Good for short journey**:

It is good for carrying over short distances in a short time.

3. **Flexible:**

Road transport is flexible where switching from one route to another is concerned.

4. **Reroute business:**

Selling and collection of goods along routes can be possible.

5. **Final Destination:**

It is good for door to door services in other words goods are taken to their final destination.

6. **Cheap**:

It is relatively cheaper than air transport

7. **Easy to arrange:**

Special arrangements can be organized for particular occasions.

8. **Continuity:**

Road transport is in use all the time as it does not follow time table.

9. **Speed:**

It is quite fast over short journeys compared to railways.

10. **Easy to organize:**

Road transport can easily be organized and used any time since it does not involve many procedures like passports, visas etc.

DISADVANTAGES OF ROAD TRANSPORT

a. Affected by weather:

It may not be in use during bad weather especially murrain routes during heavy rains.

b. Limited space:

Space is limited where carrying bulky goods is concerned.

c. **Expensive:**

It is expensive for long distance due to high cost of fuel.

d. Return cargo unassured:

Return cargo may not be possible because of lack of time table schedule.

e. Delays:

Traffic congestion may contribute to delays in delivery.

f. Slow:

It is slow for long distances

g. Robbery:

High way robbery is possible, especially through heavy forests.

h. Accidents:

The rate of accident is high on roads.

i. Destruction:

Construction of roads may result to destruction of natural vegetation e.g forest.

RAILWAY TRANSPORT

This involves movement of trains to transport goods and passengers from one place to another.

ADVANTAGES OF RAILWAY TRANSPORT

- It is suitable for carrying bulky goods like copper, coffee, cattle, charcoal and many others.
- Special wagon may be designed for particular commodities and passangers.
- The rate of accidents is low compared to roads.
- It can transport many people and cargo for long distances
- Return cargo can be arranged as trains moved on time table schedule.
- It cannot easily be affected by bad weather.
- Trains are not affected by traffic congestion
- It is suitable for carrying containers.

DISADVANTAGE OF RAILWAY TRANSPORT

- Railways are not flexible like roads
- Trains may not pass through mountainous region
- Trains delay at particular station because of time table schedule.
- Constructing a railway is very expensive
- Goods normally delay at depot stations because of clearance procedures.
- It is a slow means over long distance.
- There is a possibility of damaging cargo because of increased banding.
- It is uneconomical for short journeys.

WATER TRANSPORT

This is the movement of goods and cargo by using a water body, mainly rivers, lakes and oceans. There is several water vessels used. These include;

- Canoes
- Boats
- Steamers
- Liners
- Oil tankers
- Ferries
- Coaster
- Bulk carriers
- Roll-on-roll off

ADVANTAGES OF WATER TRANSPORT

1. The way is free so the rate of accident is low
2. It is cheap for bulk materials and goods
3. Special vessels may be constructed to carry particular goods, for example those with refrigerators can carry perishable goods like fish, milk flowers, fruits and beef.
4. The use of automatic cranes easy to loading and unloading cargo.
5. Containers packaging is possible, this reduce theft, loss and damage.
6. There is no traffic congestion on water transport
7. Maintenance charges of vessels are relatively low.
8. It is the best for international, since it handles large cargo
9. Return cargo and passengers are always available.
10. No expenses are incurred in constructing the routes, they are provided by nature.

DISADVANTAGES OF WATER TRANSPORT

1. The speed is low and this may not favour perishable goods
2. Water transport is limited to only those areas with water bodies.
3. Fierce storms and water distances may lead to loss of cargo and the vessel
4. Port or harbour congestion may lead to delays in delivery

5. Some water bodies tend to freeze during winter making them out of use.
6. Heavy loads may not go over shallow water level
7. Water vessels are quite expensive to construct
8. Goods cannot be transported to final destination.

TYPES OF WATER VESSELS

1. **Ocean liners:**

These mainly carry cargo through some also carry some passengers. There vessels follow specific routes at fixed time. The operators of ocean liners belong to shipping conferences which allocate them routes to operate on the freight rates and the time table, Liners specifically for carrying cargo is called cargo liners and those for passengers are known as passenger's liners.

2. **Tramp steamers:**

These are well known for carrying cargo and go anywhere they can get goods to carry. They do not sail on fixed routes at regular times but go anywhere they can get business, A trader with enough cargo to carry many time the whole vessels by entering in to a contract is known as a charter party

A charter party may cover a specific route (voyage charter) or certain period (time charter)

BILL OF LADING

When several businessmen use one vessel to transport their goods, each of them is issued a bill of lading.

A bill of lading serves several functions;

1. It acts as a contract of carriage between the businessmen and the shipping company.
2. It acknowledges receipt of goods by the shipper.
3. It is a document of bill which a businessman uses to claim for goods when they arrive at the destination port.
4. It is negotiable instrument in title to goods can be transferred by endorsing the bill of lading.
5. It shows all the details of goods carried
6. It shows the shipping charges and all conditions of carrying the goods.

3. Bulk carries:

These are large vessels, especially used to carry particular types of cargo e.g. timber, minerals, ores, heavy machinery and others.

4. Oil Tankers:

These are mainly chartered or owned by the large petroleum companies to carry petroleum products.

5. Roll-on-Roll-off:

These are large ferries used to carry vehicles. The vehicles carried are driven on the ferry and driven off when they reach final destinations.

WATER TERMINALS.

Water terminal includes ports, harbors and all accessible sea sides with adequate equipment. These are places where ships are for loading or unloading. A good terminal should have the following;

1. **Space:** The space should be large enough to handle a wide range of cargo and people.
2. **Equipment**: Should have adequate equipment to handle all kinds of cargo e.g. cranes, loaders and others.
3. **Adequate warehouses**: Should have enough warehouses to handle any quantity of cargo.
4. **Communication:** It should have a good communication system to enable transaction of business easy and convenient.
5. **Security:** Should have adequate security to ensure safe custody of the cargo.
6. **Banking facilities**: Should have banking facilities to enable businessmen exchange their currency and deposit their money.
7. **Repairs:** It should have skilled engineers to repair and services the vessels

AIR TRANSPORT

This is most rapid, convenient and comfortable mode of transport under this air craft are used to carry passengers and other some cargo

ADVANTAGES OF AIR TRANSPORT

1. It is fastest means of transport, suitable for urgent messages.
2. It is the best for delicate and valuable goods like glass and jewels
3. There is less chance of loss because security is highly observed.
4. Suitable for long distances, without stopping
5. It is the most comfortable form of transport free from topographical barriers. Even meals and drinks can be served in route.

6. Some air craft have special storage facilities for perishables e.g. flower
7. The rise of high way robbery are at a minimum
8. Does not experienced traffic jams
9. The way is free and the flying space is unlimited

DISADVANTAGES OF AIR TRANSPORT

1. It is the most expensive system of transport
2. It is costly in terms of fuel and flying operations
3. Weight of cargo carried is limited
4. Inconvenience since the air port is built far from the area where people are available.
5. In case of accident all cargo and passengers are likely be completely destroyed.
6. Hijackers may affect air operations
7. Weather condition may interfere with air services
8. It requires a lot of formalities to travel by air to another countries i.e. Visas, tickets, health certificates and others.

AIRWAY BILL

This is a document drawn between the airline company and the businessman using it to carry his goods. An airway bill is similar to a bill of lading in all aspects except that an airway bill is used for air transport and a bill of lading is for water transport.

PIPELINE TRANSPORT

Under this pipes are used to carry fuel, water and gaseous products from one place to another. In Uganda pipes are widely used to carry water and sewage disposals in major urban centers.

ADVANTAGES OF PIPELINE TRANSPORT

1. Because they pass underground, pipes are not affected by atmosphere conditions
2. Speed is reasonably high since it transports only liquids.
3. The running cost of pipes is low. It does not need for washing, fueling, servicing, oiling, and other cost
4. Large volumes can be carried in a very short period.
5. Pipeline transport does not need to repairs, maintenance, sweeping and hence, it is reality cheap.
6. Problem of traffic jams, accidents, and delays are not realized
7. Goods cannot be contaminated by atmosphere conditions because pipes are well laid underground.

DISADVANTAGES OF PIPELINE TRANSPORT

1. Only liquid and gases can be carried, not physical goods
2. Repairs tend to be costly and difficult to locate
3. Soil erosion may expose underground pipes
4. Installing pipes is very expensive especially with long distances
5. In case of leakage of pipes, all items transported will be lost.

CONTAINERIZATION

This is a system of transport where by standard metal or wooden boxes are specially constructed to carry certain goods.

ADVANTAGES OF CONTAINER TRANSPORT

1. Goods are protected from damages and theft
2. Loading and unloading is easy because of using automatic cranes
3. Specially built container can be constructed for special goods
4. Trucks and rail wagons to carry containers are available
5. Goods in container are not affected by atmosphere conditions

DISADVANTAGES OF CONTAINERIZATION

1. Without automatic cranes, loading and off loading may not be possible
2. Containers are very expensive
3. Containers may not carry living things like animals and people
4. The cost of the container makes the final transportation cost high
5. It may be damaged on route
6. May not be suitable for delicate goods like eggs, bottles and perishables

FACTORS CONSIDERED WHEN CHOOSING A MODE OF TRANSPORT

Cost of transport: The type of transport chosen should be relatively cheap compared to the value of goods carried.

Nature of Goods: This may determine the mode of transport chosen. Perishable goods and newspapers require a fast means of transport where speed is required air transport is the best.

Size of load: Bulky goods may go by trains and Lorries, small cargo may go by road or air.

Distance to cover: Long distances can easily be covered by trains (railways) and air; roads are good for goods which are transported for short distance.

Value of goods: Valuable goods may be transported easily by air e.g gold, diamonds or mercury

Flexibility of the system: The system chosen should be flexible especially where switching from one route to another is concerned. Road transport is the most flexible system.

Speed and urgency: When goods are required in a particular place within a limited period of time a fast system should be chosen. Air transport is the best for speed and urgency.

Terminals: One should also consider the availability of terminals for loading and unloading terminals like ports, airports, railway stations should all be considered.

Availability of the system: One may choose a particular form of transport simply because it is the one available. Road transport is more richly available than others.

Safety: Many people would use that mode of transport which guarantees safety from loss damage or theft. Air transport assures much safety to goods and passengers compared to road transport.

COMMUNICATIONS

Is the one of the aids to trade involving the conveying of information, instructions and transfer from one person to another communication comes from a Latin word "COMMUNO" meaning "to share"

METHOD USED IN COMMUNICATION

1. **Writing and Reading**: This may take the form of a letter, telegram, notice memorandum or otherwise.

   This method of communication favours literates and leaves room of reference. It is generally referred to as written communication

2. **Talking and Listening**: This may be done by face to face, telephone, radio-call, paging and many others. It is also referred to as oral communication

3. **By use of signs:**
   This is the kind of communication which does not use word. This types of communication is important form of communication. In this communication one express his/her feelings, emotions or ideas by using body language/sign.

ADVANTAGES OF ORAL COMMUNICATION

- It is the fastest system of communication
- Messages are clear
- Feed back is immediate
- Favours both the literates and illiterates
- Covers a wide area as one person may communicate to a large audience
- Gestures can be used.

DISADVANTAGES OF ORAL COMMUNICATION

- Leaves no reference
- TVs and telephone are only suitable for subscribers
- TVs and telephones favour urban centers neglecting rural areas
- When absent, you miss the message since there is no reference.
- May not favour the deaf

ADVANTAGES OF WRITTEN COMMUNICATION

- Details can be given, especially with letters
- There is a record for farther reference
- It is cheap means of communication
- It is not possible to distort messages
- It can be planned before sent.

DISADVANTAGES OF WRITTEN COMMUNICATION

- It only favours the literates
- Message may take long before reaching the receiver.
- Reply is not immediate
- May benefit only those with past office boxes
- It is expensive in terms of paper, equipment and postage.
- It is time consuming to prepare organize of produce.

ORAL COMMUNICATION	WRITTEN COMMUNICATION

Meetings	Letters
Telephone	Telegram
Radio-call	Reports
Paging	Memorandum
Face to face	Electronic mail
Video-conferencing	Graphs
Public address system	Telefacsimile (Fax) Telex

IMPORTANCE OF GOOD COMMUNICATION IN TRADE

1. **Information:**

Communication facilities the laying down of regulations, instructions, orders, quotations and many others

2. **Conveys complaints:**

Through communication consumers are able to convey their complaints to suppliers. Suppliers are assisted to change according to the needs of consumers.

3. **Movement is reduced:**

People are able to contact each other without actual movement. This enables them to concentrate on their business without moving.

4. **Market is widened:**

It makes the public aware of the nature of goods and services in the market and hence increases sales.

5. **Links markets:**

It links various markets such that shortages in one can be solved by transfer of surplus from other markets.

6. **Countries linked:**

Communication creates a relationship between the firm and the outside world. Information concerning other countries can easily be known.

7. **Leads to efficiency:**

Good communication creates a good understanding between employers and workers. Good employers are supposed to communicate effectively for efficiency and harmony.

8. **Save money:**

Communication saves money and time. Today people do not need to move long distances to make contact or orders, they may use telephones.

9. **Save life:**

In case of accidents communication may save life and goods, this is because ambulance organization can be called quickly to the scene.

10. **Advertise goods:**

Through communication businessmen are able to make public aware of the presence of goods or services.

11. **Provides employment:**

Communication business provide employment like the post office, telephone companies and delivery organizations employ a large number of people.

SERVICES RENDERED BY POST OFFICE

1. **Telephone services:** This is one of the quickest method of oral communication where by people speak to each other through telephone receivers one may speak to another through the switchboard operator others may call direct without contacting the operator such direct dialing charged depending on the distance of the call time of the day and time taken while speaking. Telephones operate in the world without contacting the operator. This is called International Dialing Direct (IDD)

TYPES OF TELEPHONES

1. Conventional Telephones
2. Mobile Telephone
3. Car Phone
4. Voice Bank(Telephone answering machine)
5. Load speaking telephone
6. Cordless telephone
7. Con fra fones (Teleconferencing)
8. Pay-phone (Telephone kiosks)

ADVANTAGES OF TELEPHONES

1. It is a fast means of sending information, hence suitable for urgent messages
2. It eliminates physical movement of people from one place to another to convey information
3. It is accurate and relatively cheap
4. It saves money and time
5. Replies are immediate
6. Mobile phones enable one to make and receive messages anywhere, anytime provided where there is network.

DISADVANTAGES OF TELEPHONES

1. Very few people have telephones in their homes
2. Misuse of telephone makes it very costly to maintain
3. There is no physical face to face contact between callers.
4. Telephone communications leaves no reference.

2**. Letters (Post-office carries letters within the country and abroad):**
People usually contact others through letter writing. This method involves writing and reading hence suitable for only literates.

Letter may also be sent by hand. One must buy and affix a stamp on the letter going through post, depending on the distance. Letter may be personal or official. Express letters are given priority insorting and reach their destination faster than ordinary letters.

ADVANTAGES OF LETTERS

- Letters are less costly than telephones
- Detailed information may be sent by letters
- It acts as record for future reference
- Illustrations and pictures may be sent by letter

DISADVANTAGES OF LETTERS

- Letters are suitable only for literate society
- Letters are not good for sending urgent information
- Only people with post office boxes may benefit from this service.
- Immediate replies cannot be received.

QUALITIES OF A GOOD LETTER

- It should be well dated
- It should have a subject or theme
- It should be a clear language
- Should be simple to understand
- Spelling and grammar used should be correct
- It should bear the names of the sender and receiver
- It should be well addressed

3. **Telegram services:** This is used to send brief written information. The cost of sending a telegram depends on the number of words used and the distance. It is therefore necessary to use as few words as possible when sending a telegram. The addressee receives a printed copy of the message either the same day or the following one. The development of telephone and telex services has brought about a decline in the use of telegrams consider the message bellow from a son to his father. If it is to be sent by telegram it is quite long and hence costly.

Dear father,

How are you and the people at home? I have written to inform you that my brother Kato is seriously ill and has been admitted in Rubaga Hospital. We badly need assistance from you.

Greet all for me.

Your loving son

Peter Mukasa

Example of a good telegram message

FATHER

KATO SERIOUSLY ILL RUBAGA HOSPITAL NEED ASSISTANCE

PETER

The 45 words in the first message have been summarized in only 9 words above.

4. **Telex (Teleprinter):** A telex provides a direct link between subscribers and other users all over the world. Messages typed at the sender's machine are automatically printed at the receiver's machine. The advantage with a telex is that even of the machine is unattended to if will receive calls and take the printed message. This type of communication is common with sophisticated departments and organizations like Embassies, Airlines and National Assemblies.

5. **Fax simile (Fax):** This is one of the most modern methods of written communication. Under this maps and drawings are transmitted over long

distances in their real form. These can be sent letter they are drawn, typed or photographed fax machines use the telephone to transmit the information.

6. **Radio and Television:** Radio and television are some of the recent developments in communication. Today businessmen are able to inform the public about their products or services using a radio or television. Messages can be conveyed to the listener of the radio in a very short time, people are able to receive information from the television both orally and visually.

7**. Radio-call:** A radio-call is also a modern communication system by which speeches can be transmitted in one direction at a time; such that when one is speaking the other one listens it is therefore necessary to say “OVER” after one person has finished speaking as a signal to the other to reply. A radio-call works on the basis of remote system and there is no any cable or wire connecting the two people communicating.

8**. Registered post:** Mass may be registered at the post office before sent to ensure their safety. This is very common with valuable goods and money. Registered post is not put in the letter box but handled to the post office and a receipt issued. Sending a registered post is charged according to the value of the post office undertakes to compensate the sender should a registered mail get lost. It is widely used in rural areas where telephones are not available.

9. **Recorded Delivery:** (Certificate of posting) under this system letters are sent under a certificate. This service just proves that the mail has been posted. It is not suitable for sending valuable items like money and jewels.

10**. Business Reply Services:** This is manly used by businessmen who require to be replied without putting the addressee to any expense. In other words a card or envelope is enclosed within a letter by the sender, such that the addressee affects the reply using that card or envelope without meeting any postage expense for the reply.

11**. Express Delivery (Express post):** This is a messenger delivery and collection service, in which case the mail is carried to the addressee by a special messenger. The charge depends on the distance and weight of the parcel. Express post or packages are marked with the word EXPRESS on the top left hand corner.

12**. Poste Restante**: Poste restante means “to be called for” The service is approved to travelers who are supposed to be in a particular place or who are supposed to be in a particular place or town for some time and would require their messages to be delivered to them by the post office . The addressee collects his mail from the post office after identifications such letters may be addressed as

Mr. James Mudoola

Poste Restante

Lrra (u)

13**. Selecta post:** An organization may request the post-office to arrange its mails according to the departments in that organization this called selecta post. An extra fee is paid to the post-office. The address on the envelop should indicate the department to which the letter is designated. The service can be suitable for large organization like universities and ministries.

14. Other services rendered by the post –office include:

1. Licensing the media e.g. newspapers, radios and T.V
2. Offers banking services
3. Prints and distributes a post office directory which gives various addresses and telephone number.
4. Offers confravision services
5. Postal-orders, money orders

FACTORS INFLUENCING THE CHOICE OF COMMUNICATION.

1. **Urgency:** The urgency of the message determined the choices of the medium used telephone are faster than letters.
2. **Distance involved:** The distance involved may also determine the medium to use. Letters and telephones are the best for long distances compared to face to face.
3. **Details:** Messages requiring of details may be sent using letters. With letters even illustrations, graphs and other may be sent.
4. **Confidentiality:** Confidential messages can best be sent using letters, telephones, meetings and rashes may not favours confidentiality.
5. **Reference**: Messages requiring record of reference should be sent using letters, telephone, face to face, radio, television all have no reference.

6. **Cost involved:** The cost involved in sending messages must be considered. Letters are cheaper compared to telephones and face to face are cheaper than all.
7. **Immediate feedback**: Messages requiring immediate feedback should be sent using telephones or face to face communication.

BARRIES TO EFFECTIVE COMMUNICATION

There are several things which may hinder effective communication

Language:

The language used must be understood by the receivers so that the message is well interpreted. Once the language is not known to the receiver, feedback will not be effective.

Unfamiliar terminologies:

The sender of the message should avoid assumptions that the receiver is familiar with those terminologies. He should be clear and avoid being technical.

Lack of interest:

Once the receiver of the message has no interest in that message or the [person communicating. He will stubbornly refuse to get the message and this will be a barrier.

Appearance:

The appearance or the personality of the sender may also be a barrier, especially with oral communication. Poor dressing or exaggerated dressing may both be barriers.

Distractions:

Destruction in the surroundings may be a barrier to effective oral communication. For example music, noisy machine, drum and others.

Wrong Addresses:

Once a letter is addressed wrongly it connects reach its intended destination and this will be a barrier.

Poor preparation:

The sender of the communication may fail to prepare the subject content before conveying it. The sender should be an authority on that he can explain facts clearly and logically.

RECENT DEVELOPMENT IN COMMUNICATION IN TANZANIA

In the past communication in Tanzania was controlled and handled by the government however with trade liberalization, the private sector is now involved. Recent development includes;

Cellular telephones:

The private investors have introduced the use of cellular telephones. They are called "cellular" because it uses the energy of cell batteries, the major companies controlling cellular phones are the Mobile Telephone Network (MTN), and Celtel Ltd. These two companies have introduced mobile phones which have made the transaction of businesses very easy and convenient.

Public Pay Phones:

Public pay phones have been installed in strategic places all over the country to bring telephone services place nearer to the people and affordable. Public pay phones are informing of kiosks on both and have been installed by MTN, Celtel and Tanzania telecommunication. The charge here depends on the distance and time taken while speaking.

Privatization:

The Tanzania government has privatized its Telecommunication Corporation (TTL) and has sold off some shares in the postal delivery sector. This has greatly improved services delivery as they are controlled by individuals who even own the profits.

Mail delivery service:

Trade liberalization has encouraged the public to invest in mail delivery business. These have improved delivery services as they tend to bring the mails near to the address as fast as possible, private mail delivery business include DHL, Yellow pages Ltd and many others.

Internet:

This is a bank of a wide range of information subscribers of the internet are able to access a wide range of data from all over the world in a short period using their computers.

Electronic Mail;

This is sending of written information using computer. As the message is typed on the senders computer, it is immediate received on the receivers.

MARKETING

When goods are produced and are ready for use, the producers must get the people who need the goods. There is need to transport the goods to a common place where the final consumers can easily get the goods. Such a place where traders or sellers meet buyers or consumers is called a market.

Definition of marketing

Marketing can be defines in various ways.

(i) Marketing is the process of identifying and anticipating consumer demand for a product and satisfying their demand more efficiently and profitably. This means that before producers engage in production of a certain commodity, they should first find out what the consumers need so that they can produce according to the consumer's needs.

(ii) Marketing can also be defined as a system of interrelated activities designed to plan, price, promote and distribute goods and services to groups of customers for the aim of satisfying their demand.

Conditions for marketing

1. A way for these parties to communicate, that is, the buyer will not buy unless he knows the existence of a product and seller will not sell unless he knows the market.
2. Desire and ability to satisfy these wants and needs.
3. Something of value to contribute in the exchange.

Objectives of Marketing

Some of the objectives of marketing include;

1. To increase sales volume through aggressive selling techniques.
2. To achieve profit.
3. To face competition.
4. To give quality assurance to customers

TYPES OF MARKETING

There are mainly three types of marketing determined by the type of products concerned. They include;

1. Primary marketing
2. Secondary marketing
3. Service marketing

1. **PRIMARY MARKETING**

This is the types of marketing that deals with identification and anticipation of consumer demand for primary products (raw materials) and finding a way to satisfy this demand. All agricultural marketing boards are concerned with this type of marketing since they are concerned with this type of marketing since they are concerned with the distribution of primary products.

2. **SECONDARY MARKETING**

The secondary marketing is concerned with knowing the requirements of the market. It aims at satisfying the demand for manufactured goods.

3. **SERVICE MARKETING**

This type of marketing deals with identifying and satisfying consumer demands for services. Services include banking, Insurance, transport, warehousing, teaching and medication.

IMPORTANCE OF MARKETING TO THE CONSUMERS

1. Marketing enables the consumers to know the sources of supply for what they demand.
2. Marketing improves the standard of living of the people by availing the goods needed by the consumers in the market.
3. Through marketing, consumers are able to determine the price of goods, hence there may be no exploitation.
4. Marketing enhances the variety of choice due to wide range of goods supplied in the market. The consumer is provided with a wide range of goods where they can choose from

IMPORTANCE OF MARKETING TO THE PRODUCERS

1. Marketing enables producers to know the demand of their consumers. The quality and quantity of the goods consumers need will also be considered.
2. It enables producers to know their competitors as result, producers are in position to improve their goods to fit the competition market.
3. Marketing enables the producers to fix the price at which they will sell their products.
4. Marketing increases the sales volume.
5. Marketing enables the producers to know the best means of communication with their consumers in order to complete a transaction.

IMPORTANCE OF MARKETING TO THE NATION

1. Through marketing a country can get surplus.

The surplus can be stored as a buffer stock to be used when calamities strike.

2. Marketing leads to the improvement in production.

Through marketing a country can devolve ways on how to improve the quality of goods.This in turn leads to improvement in export thus earning foreign exchange for the country.

3. Marketing is a source of employment

People get employed in various marketing activities and departments. This reduces unemployment rates and other risks such as crime related to unemployment.

MARKET

There are various definitions of a market these are:-

1. It is an area or place where buyers and sellers meet to transact. This means buyers and sellers meet to exchange goods and services. A market is always designated place authorized by the government through local authorities.
2. It is a situation in which buyers and sellers transact or exchange goods and services for example people buy goods through internet, one can purchase a car from Japan, pay by cheque and the selling company ships the car where the buyer will get it at the port.

The word marketing therefore comes from the word market. A market can means demand for the commodity for instance an increase or decrease in the demand of a commodity leads to an increase and decrease in the market of the commodity.

CONDITIONS FOR THE EXISTENCE OF A MARKET

1.Existence of goods and services

For a market to exist, there must be willing of goods such as food stuffs and stationary and services such as hair dressing to be exchanged.

2. Existence of buyers and sellers

For a market to exist there must be willing buyers and willing sellers. Sellers must be willing to supply their goods and services to the market for buyers to purchase them.

3. An area where a market is located

There must be a specific area designated for people to come with their goods and meet with the willing buyers. At times there are set days specifically when goods and services are sold in a given market.

4. Contact between sellers and buyers

The willing seller and willing buyer must be in contact in order for the exchange to take place. Communication may be physical or may be through telephone.

5.Price of commodities

In a given market, there is always a prevailing market price as a result of interaction of the forces of demand and supply for example during the season when mangoes are in high supply their cost is always low, may be at Tshs. 50. However, when they are out of season, you can buy a mango at Tshs. 300 each.

FUNCTION OF A MARKET

The main functions of a market are:-

1. Source of supply

A market is a source of supply of goods and raw materials to both consumers and manufacturers. This is made possible due to the fact that it is a designated place where

people supply goods anticipating for potential buyers to purchase them.
2. Facilitation of transaction

A market facilitates the process of buying and selling of goods and services. This is done by availing a situation where buyers and sellers can meet or contact to exchange goods and services.
3. Contact between buyers and sellers

A market provides a ground for buyers and sellers to have contact with one another during the process of exchanging goods and services.
4. Price stability

Price of goods and services are determined in the market by forces of demand and supply. These forces help in stabilizing the price of goods and services.

5. Increase in production

Due to existence of a market, the demand of a commodity in a market makes the suppliers supply more goods. This in turn increases the production of the given commodities.

CLASSIFICATION OF MARKETS

Markets are classified according to the type of goods and services offered in that given market. These are two main ways of classifying markets

(i) Market types

(ii) Market structure

MARKET TYPES

In this classifications, market classification is done with reference to the type of goods and services bought and sold in the market.

Examples include:-

1. Commodity market
2. Factor market (input)
3. Financial market

1. **COMMODITY MARKET**

In this type of market there is buying and selling of final goods and services. Goods that are ready for consumption, for example clothes and food stuffs are sold here.

2. INPUT MARKET

This type of market involves selling goods which are used in the production of other goods like machines and raw materials. Example of input market are

(a) Labour market

This is a type of market which involves buying and selling of labour at a given wage rate.

(b) Capital market

This type of market involves the buying and selling of capital goods like machines.

(c) Land market

This type of market involves buying and selling of land at a given price or a given level of rent.

3. FINANCIAL MARKET

This is a market that involves buying and selling of financial assets such as securities, bonds and treasury bills. These market can be further subdivided into two;

(a) Security market

This involves selling and buying of government securities and shares of different companies Dar es Salaam stock exchange (D.S.E) is an example of security market.

(b) Foreign exchange market

This market involves buying and selling of foreign currencies. Example includes Bureau de Change which buys and sell foreign currencies.

MARKET STRUCTURE

In this type of classification, we consider conditions and characteristics or behaviour of the market. The degree of competition within the market is also considered.

Market structure is further subdivided into the following;

1. Perfect competition
2. Monopoly
3. Monopolistic competition
4. Oligopoly
5. Duopoly

PERFECT COMPETITION

This is an ideal situation where there are many firms each producing only a small fraction of the total output required in the market and none of the firms can influence the price in the market.

CHARACTERISTICS OR ASSUMPTIONS FOR PERFECT COMPETITION

1. Many buyers and sellers.

The market has many firms that sell a similar commodity in small quantities. The action of one seller cannot influence the price in the market.

There are also many buyers in the market who are disorganized. These buyers buy a small quantity of a product and cannot influence the price in the market.

2. The commodity supplied is homogeneous or identical

The commodity sold in the market by all seller is identical. The product or commodity cannot be differentiated by factors such as size, quality, colour or texture.

3. Free entry and exit into the Industry

Sellers and buyers are free to enter or exit the market. Sellers can supply any quantity of the product to the market and leave at their will. Buyers are also allowed to enter, buy any quantity that they may want and exit the market if they wish.

4. Perfect knowledge of the market

Buyers are assumed to have adequate knowledge about the market conditions that can enable them to know where the price is fair. The sellers are also aware of what the other sell are charging and the profit that they are making. This therefore means that none of the market players can influence the price and output in the market.

5. No Government Interference

It is assumed that there is no external intervention with the activities in the market for example there is no price control or quantity control. This ensures that entry and exit is voluntary and the market is controlled by force of demand and supply.

6. No Transport Cost

Buyers and sellers are assumed to be located in the same place. There is no cost of transport incurred by other sellers or buyers to and from the market.

7. Perfect mobility of factors of production.

It is assumed that resources such as Land, Labour and Capital can be easily moved from one place to another. There is also a market structure known as pure competition. This is a market structure with three features that may easily be fulfilled. Those conditions include:-

(i) There are many buyers and sellers in the market who are organized.

(ii) The commodity supplied is homogenous or identical.

(iii) Free entry and exit in the industry.

MONOPOLY MARKET STRUCTURE

This is a market structure with only one supplier who sells a product that has no close substitutes.

A market structure with only one buyer in the market is called Monopsony. The supplier or the seller is only made up of one firm.

CHARACTERISTIC'S OR ASSUMPTIONS UNDER MONOPOLY MARKET STRUCTURE

1. Single supplier

A single seller or producer in the market provides total supply of a commodity. The firm therefore has the ability to influence the market by reducing the quantity supplied.

2. The product has no close substitutes

The supplier sell a product that does not have close substitute. Therefore the firm does not face competition in the market.

3. There is no entry into the Industry.

Firms are not free to join the Industry. Barriers have been put in place to prevent other firms from joining the Industry. The barrier include total control over the supply of raw materials, government policy and technical knowledge about the industry.

Source of monopoly power

- Monopoly can only exist in a situation where there is no entry of other firms into the industry. This gives the firm monopoly power. This power enables the monopolist to continue existing in the market without competitors. The sources of monopoly power includes:-

1. High initial costs of investment

This occurs where the initial cost of investment in the production of a commodity is extremely high and only one firm can afford to invest. In most cases such a venture is undertaken by the government. Examples of such firms are Tanzania Electricity and Supply Company (TANESCO) and Kenya Power in Kenya.

2. Control resources

If a firm has total control over a resource like mineral ore, potential competitors will not be able to acquire the raw material. The firms is the only supplier of the resource and bars other from entering the firm. For example the Kenya Power In Kenya.

3. Ownership of production rights.

These are rights that protects a single firm in the market such rights include patent rights, copyrights and royalties the firms is given legal body. Legal protection or right by the government. The government may licence only one firm to produce and supply a given product.

4. The size of the market

The size of the market may be too small to support several firms profitably. in some situations some firms may close down leaving only one firm to operate as a monopolist.

5. Technology

The technology required for the production of a product may only be with a single firm. If the firm is not ready to share technology with other firms,. It will remain as a monopolist.

6. Amalgamation

This refers to the coming together of several firms from one enterprise. It may be through mergers, cartels, and takeovers. Such combinations enable the firm to control price and output.

7. Internal economies of scale

A firm may be benefiting from a large scale production to the extent that it is able to lower it price and still make some profits. This may prevent other firms from either entering into the industry or the existing ones may simply leave because they may not afford the high cost of producing on large scale.

MONOPOLISTIC COMPETITION

It is a market structure that falls in between perfect competition and monopoly structure.

CHARACTERISTICS OR ASSUMPTIONS UNDER MONOPOLISTIC COMPETITION

1. Large number of sellers and buyers.

This market structure has many firms that are independent or each other. The buyers are also many and unorganized.

2. No barrier to entry into the industry or exit. Firms are free to enter or leave any time they wish

3. Differentiation product

This is an attempt by a firm to make a different in product from those of its competitors.

This is done through colour, packaging and advertising.

4. Knowledge of the market

Buyers and sellers have perfect knowledge of the market.

5. The firms are the price determinants.

As a result of product differentiation, products are unique and hence firms are able to decide the commodity price.

OLIGOPOLY

This is a market structure that is dominated by few firms that sell products which are close substitutes. The firms are relatively large and each dominate a substantial part of the market. A market structure with only two firms is called duopoly.

CHARACTERISTICS OF AN OLIGOPOLY MARKET STRUCTURE

This types of market structure has the following features;

1. Few sellers

The firms within the industry are few but produce commodities in large scale. The product may either be identical or differentiated. Oligopolist firms that sell identical products give rise to pure or perfect oligopoly, imperfect oligopoly refers to the sale of differentiated products.

2. Price is determined by the firm

This interdependence of firm is in the following ways;

(a) Price wars

A situation in which rival firms undertake a series of price reductions with an aim of capturing a greater market. The firms keep on watching the behavior of the rival firms.

(b) Collusion

Firms in the industry come together in an agreement so as to charge the same price.

(c) Cartel

This is formed when firms in an industry openly and formally agree on market price and market share.

(d) Price leadership.

This situation arises when one firm sets the price and other watchful firms in the Industry subsequently change the prevailing price.

THE CONCEPT OF MARKETING MIX

Marketing mix is a set of controllable variables that the firm can use to influence the buyers response. It is a combination of four elements, namely: product, price, promotion and place. These elements are used to satisfy needs of organization’s target market and at the same time achieve its marketing objectives.

These four elements are commonly referred to as 4Ps of the marketing mix.

Product

A product is anything that can be offered in a market for attention, acquisition, use or consumption. It includes goods, services and ideas.

FEATURES OF A PRODUCT

Branding

This is the process of designing a name, sign, symbol, mark or combination of these with a intention of identifying a product and differentiate them from those of the competitors.

TERMS USED IN BRANDING

(a) Brand

This is the name, mark, symbol or sign given to a product with the aim of identifying the product and differentiating it from the competitor's products.

(b) Brand name

This is the part of a brand which can be pronounced when a buyer orders for the product. It consist of words or letter and numbers. Example including Uhai, Fanta, Omo, Pepsi etc.

(c) Brand Mark

This is that part of a brand which can be recognized by sight but cannot be pronounced . it takes the form of symbol, sign or Mark

(d) Trade Mark

This is that part of a brand which is given legal protection but is capable of exclusive appropriation. It is made of a word, letter number plus pictorial design.

v Once a brand is registered, no other manufacturers are allowed to use it unless there is a special arrangement with the owner.

v Such a trade mark bears an "R" in a circle which always appears like R.

Copyrights

A copyrights is the exclusive legal right to reproduce, publish and sell the product in the form of Literacy, musical or artistic work.

ADVANTAGES OF BRANDING
A. Advantages to the manufacturers

1. Wholesalers and retailers prefer branded goods as the branded goods can easily be sold.
2. It enables the manufacturers to control price of the product because of branded goods, retail selling price is fixed by the manufacturer.
3. It is possible for a manufacturer to eliminate a wholesale and sell the products directly to the retailers or customers in order to increase profit and sales volume.

4. The individuality of the product is established. This helps a manufacturer to differentiate his or her products from those of his or her competitors.
5. Advertising costs may be reduced. Once a brand such as Coca Cola has been made popular, retailers are forced to keep the product in their stock because of their popularity.

B. Advantages of the consumers

1. Consumers cannot be charged higher prices by the retailers as price of branded goods are well advertised and known in the market.
2. Branded goods are easily available. This consumer can get such goods easily at the point of their choice.
3. Quality of branded goods is protected. Branded goods are usually sold in sealed packages. Thus branded goods are protected from dust and water hence are more secured.
4. Manufacturers and producers do not easily change the price of branded goods as opposed to the price of non branded goods.

C. Advantages to the wholesalers and retailers

(i) It helps in standardization of quality, thus it serves the wholesalers and retailers in choosing and buying stocks.
(ii) It help in displaying programmes in retail stores.
(iii) It helps to reduce price comparison and also in stabilizing prices.
(iv) Less risk is involved in the case of branded goods as they have a steady demand in the market.

Disadvantages of Branding

(i) It creates a venue for production of fake goods especially for the products whose brand is popular.

(ii) It creates monopoly of the product since manufacturers who cannot brand their goods leave the market.

(iii) Branded goods tend to be highly priced due to working and advertising costs.

PACKAGING AND PACKING

Packaging:

Is an activity which involves designing a producer's container or wrapper in which goods are packed. It can be paper, bottle or box.

Packing

Is the whole process of putting or arranging goods manufactured by a firm in a package.

FACTORS TO CONSIDER WHEN DESIGN A PACKAGE

1. Size and weight of goods

The size and weight of goods must be considered since large and heavy goods require a strong package.

2. Shape

The shape of the package must be elegant to the consumer's view and easy to be handle in a store room.

3. Nature of the goods to be packed

A product may be perishable or durable, liquid or solid, therefore a package should be designed according to the product to be packed.

4. Promotional policies and strategies. An attractive package has an impact to consumers in buying decision.
5. Cost

The cost of the materials required to make a package should not be expensive since this will raise the cost of the goods.

REASONS FOR PACKAGING AND PACKING

1. To protect goods from damage.
2. To facilitate branding and labeling.
3. To make the handling of goods convenient.
4. To make the product look attractive.
5. To protect the quality of goods against atmospheric conditions such as bad weather condition.
6. To prevent loss by evaporation in the case of products like petroleum and gas.

ADVANTAGE OF PACKAGING AND PACKING

1. A package can be used for other purposes when the product in it has been consumed. Plastic bottles for instance are used for storage of water.
2. Packaging and packing facilitates branding and advertising. Most of the branded goods are packed and making easy to advertise them.
3. Package ensures hygiene for food products stored with other goods.
4. Packed goods are convenient to handle
5. Goods are protected from damage when being transported from the area of production to the area of consumption.

DISADVANTAGE OF PACKAGING AND PACKING

1. It increases the cost of production to the manufacturers.

2. Packed goods are more expensive than unpacked goods as the cost of packaging and packing is usually passed on to the consumers in terms of increased price.
3. Consumers are denied the right of inspecting the quality and quantity of packed goods.
4. In the process of opening or unwrapping consumers may not open the package properly thereby damaging a product thus a loss to a consumer.

STANDARDIZING AND GRADING

Standardization means establishing a standard based on physical properties or quality of any product. It is the whole process of setting specification or standard to which all products made must conform to size, colour, appearance and chemical contents.

Grading is the sorting of products into classes made up of units possessing similar characteristics of size, quality, colour, shape and any other specification. Grading may be fixed or varying variable.

TYPES OF GRADING

(i) **FIXED GRADING**
This refers to the process whereby the same standards are used year after year. Wheat and cotton are graded in this manner.

(ii) **VARIABLE GRADING**

This refers to the process whereby specifications are required to be changed in accordance with the quality of goods produced from year to year. Fruits and vegetables are graded in this way.

ADVANTAGES OF GRADING

1. Reduces the cost of advertising and marketing.

The cost of advertising graded goods is low since the goods are well known to the customers.

2. Wider market

Graded goods can easily be sold to distant parts of the market as buyers can order the goods by grade.

3. Selection by customers

Grading shows the consumers from spending a longer time in selecting the goods. Moreover since prices are fixed, consumers spend little time in negotiating prices.

4. Helps in future grading

Grading helps in transaction where delivery is to be done in future as buyers are assured of the quality of goods received.

5. Simple and cheaper financing

A seller are graded goods can easily obtain loan from financial institutions as the value of goods can easily be assessed.

PRICING

Goods cannot be marketed until the cost of the given products is known. Pricing can be defined as the process of setting a price for a specific commodity being offered for sale in a market. Price is the amount of money or other consideration exchanged for the purchase or use of the product, ideas or service. Price also can be defined as the amount of money that a customer has to pay for a product.

PROMOTION

Is the marketing communication process utilizing personal means to remind, inform and persuade buyers to buy the organization's products being offered for sale in a given market. It is made possible by the promotional mix which includes advertising, sales promotion, personal selling and publicity.

PLACE (distribution)

After goods have been manufactured, they have to be taken to a place closer to the customers.

Distribution refers to the movement of goods and services from suppliers to the customers with the aim of satisfying consumer's needs. It involves a channel of distribution and physical distribution.

PRODUCT DEVELOPMENT

Product development refers to the creation of products with new or different characteristics that offer new or additional benefits to the customer.

Product development may involve modification of an existing product or its presentation or formulation of an entirely new product that satisfies a newly defined customer want or market niche.

Note:

The above are the marketing mix also known as 4Ps of market that means price, promotion, place and product.

MARKET RESEARCH

Is an investigative activity which is carried out to establish the consumers demand for a product.

OR

Is a systematic way of collecting and analyzing information related to market activities particularly advertising, product and sales marketing research.

Market research is undertaken before production is launched.

AIMS OF MARKETING RESEARCH

1. To find out if there is a market for the goods to be produced.
2. To establish the suitable method and channel of distribution for the product.
3. To determine the most attractive form of presenting the product to the consumers (packaging).
4. To assist one in knowing the most suitable effective, cheap and convenient method of promoting the product.
5. If done before production, it will determine the best price of the product for the advantage of the consumer.

METHOD OF CARRYING OUT MARKET RESEARCH

1. Field investigations

This consists of either person interview or by use of questionnaire. A questionnaire is a list of questions to be answered by a group of people for the purpose of getting information. It is not reliable unless the facts given are supported by evidence from other sources.

2. Statistical data collection

The entails obtaining information from statical data compiled by the government analysis and research, trade organizations and the chambers of commerce.

3. Testing the market

If a product is new in the market, a small amount of the product is produced and supplied to a limited geographical area to test the response of customers. If the response is good, the product is produced and served to a wider area.

4. Feedback from distributors

Distributors are always in a good position to receive the customers say about product. This may be in the form of complaints or recommendations. This information helps the products to take the appropriate action.

STEPS IN MARKETING RESEARCH

1. Definition of the problem

The researcher must make clear his or her objectives and the problem that he or she is researching on before setting out for investigations.

2. Source of secondary data

These include data obtained from the documents within and outside the company. These are internal and external sources. Internal documents includes the company records while external documents are obtained from libraries and other institutions.

3. Source of Primary data

Primary data comprises of the first information collected by the researcher directly from the field. There are three major ways of collecting primary data these are:-

(i) Observation method

Here the researcher observes various aspects of the targeted market by visiting the place such as market centres, depots and shops depending on the objectives.

(ii) Survey method

Here researcher may use face to face interviews, design, questionnaires, take photographs, tape or record information according to his or her research objectives.

(iii) Experiment method

This involves test marketing in selected areas. The research introduces free samples to the actual areas.

(iv) Compiling and analyzing data

At this stage the researcher summarizes the data, compiles a report, makes the conclusion and hands the report to the management for action.

ADVANTAGES OF MARKETING RESEARCH

1. Market research enables producers to find new markets for their products.
2. Market research contributes a lot in reduction of prices due to cheaper but appealing method of packing.
3. Market research helps to improve the quality of the products.
4. Active market research eliminates wasteful advertising campaigns and improves on the useful ones.

DISADVANTAGES OF MARKET RESEARCH

1. Some researchers may not show the expected results if the research methods used were inappropriate.
2. Market research is expensive to undertake.
3. Information collected from interviews and questionnaires depends on the moods, honesty and reliability of the respondent.

4. A selected population sample may be too small to adequately represent the entire population. This may result to get biased information.

MONEY AND BANKING

Money is anything or any commodities chosen by common community to be used as the measure of value and medium of exchange.
OR

Money is anything acceptable as a medium of exchange

Money is not wanted for itself but for what it can be exchanged for. In modern world exchange must takes place and this may not be possible without money.

EVOLUTION OF MONEY

Before money was introduced trade was by the means of barter trade. This is a exchange goods for goods.

However due the problems which come up with barter trade it was inevitable monetary trade was introduced.

Generally evolution of money was in five stages;

- Barter trade
- Commodity money
- Cowries
- Precious metal
- Coins and Notes

PROBLEMS OF BARTER TRADE

1. **Lack of Double coincidence of wants**

During barter trade it was so much difficult to get two people of the same wants. e.g Let's say one wants maize and another wants beans thus these two people could find difficult to get other people of the same wants.

2. **Lack of measure of value.**

It was very difficult to decide how much quantity of one commodity to be exchange for another commodity for example it was very difficult to decide ho much quantity of maize must be exchanged with unit of a cow.

3. **Lack of store of value**

Under batter system it was difficult to store perishable goods such as vegetables and exchange for another commodity in future.

4. **Indivisibility of commodities**

It was not possible to divide commodities in small part for example if person wanted cloth equal to half value of sheep could not divide sheep into two parts.

5. **Difficult of transporting some commodities**

   Due to lack of modern means of transpotation and immobility of some items from one place to another for exchange.

ADVANTAGES OF BARTER TRADE

1. Barter trade may not involves many documents
2. It removes the problems of currency differences
3. One can easily know the extact quality of others goods he is like to get from their goods exchanged.
4. Barter trade promotes social understanding among the part involved
5. Barter trade eliminates the risk involved in carrying money
6. The system is quite simple and fast avoiding unnecessary delay
7. Even illiterates can carry out exchange since no documentation required
8. Cheating is not possible because both parties physically see and involved in the exchange.

FUNCTIONS OF MONEY

1. **Medium of exchange**:

This was solved the problems of barter trade of double coincidence of wants. A goods or services can be exchanged with money even if double coincidence is not there.

2. **Unit of Account:**

With the introduction of money every goods has own value today, unlike in the past when it was very difficult to determine the value of goods or services.

3. **Store of Value:**

Under normal situations money can be stored and anytime it is withdrawn by the owner. It can exchanged goods or services.

4**. Standard for future payments:** Obligation to be made in the future can be entered now by using money.

FEATURES OR QUALITIES OF GOOD MONEY

Good money should be posses the following characteristics

- Should be generally acceptable
- Should be easily and tight to carry
- Money should be durables
- Should be homogeneous
- Should not be easy to forge or counterfeit
- Good money should be scarce
- Should be stable in value
- Should have standard units (divisible)
- Should be cheap and convenient to print
- Should be easy to recognize whether it is real money or forged

LEGAL TENDER

This is any means of payment that people are compelled by saw to accept in settlement of any obligation. Therefore all bank notes and coins are legal tender in their respective countries of issue.

CURRENCY

The currency of a country is that money which is nationally acceptable in exchange of goods and services. Countries with strong economies have their currencies convertible. In other wise they are conveniently and freely accepted in other countries. Examples, The US dollar and pound sterling the most convertible currencies in the world.

MONEY AND CAPITAL

Money and Capital are two different terms through used interchangeably. Money is anything generally acceptable as a means of exchange but Capital is anything invested with an aim of further production. In this case money may act as capital but not all capital is money.

FORMS OF MONEY

1. **Commodity money**: At one stage certain goods acted as money because many people were within to exchange them for other goods.

-These included cattle, bark-cloth, goods and cowries shells, even today in many Africa societies, girls (women) are being given away in exchange to cows.

2. **Coins:** This is any metallic money. It may be in cents or shillings. Coins may be standard or token

(a)**Standard coins**: These are ones where the face value is equal to the value of metal from which it is made.

(b) **Token coins**: These have the face value greater or less than real value of the metal from which it made.

3. **Bank Notes:** This is money inform of paper issued by the central Bank well known us paper money. Paper money may also be token money. Originally paper money was as good as gold, because it was fully backed by Gold. Later countries abandoned the Gold standard and started printing money which was not fully backed by gold.

4. **Bank Deposit:** This is the money which is deposited by their accounts in banks, bank deposits can be well protected under saving, current and fixed deposits accounts. In Tanzania all peoples deposits are insured by the central bank at a time of 3,000,000/= (three million shillings)

5. **FLOUCIARY ISSUE**: This is not backed up by gold reserves but only by government securities.

6. **CHEQUE**: A cheque is a written order by a bank customer to his bank to pay a specified sum of money to a named person. A cheque is money but not a tender, so one may reject it in settlement of bills.

DEMAND FOR MONEY

People hold money for several reasons. Money may be held for any of the following motives

TRANSACTION MOTIVE: This is when money is held to enable a person to buy and maintain daily expenditures. E.g. to buy food, watch a film, attend football match and many other.

PRE-CAUTIONARY MOTIVE: People may keep money to cater for future unforeseen occurrences. These unexpected expenditures may include sickness, accident, death, of relatives or any other.

SPECULATION MOTIVE: People may hold money after anticipating future tenders in the economy E.g. Fall or rise in prices. They spend when prices are low and serve when prices rise.

BANK

Is the institution which are involved in financial transaction such as mobilizing of saving, provision of credits, accepting deposit and provide advice to the customer.

EVOLUTION OF BANKING IN TANZANIA

During the colonial days (before independence)

Banking in Tanzania was controlled by the East Africa Currency Board, All the East Africa countries E.g. Uganda, Kenya and Tanzania were using the same currency the East Africa sterling, after independence each country established its own central bank hence in 1968; Bank of Uganda was set up.

BANKING SERVICES

Bank loan: This is money sent by a bank to its customer on presenting collaterals security. A security is any item a bank can sell off for a certain value should a borrower fail to pay back the loan. A fixed rate of interest is paid on a bank loan.

CONDITIONS CONSIDERED BEFORE GIVING A LOAN

- Credit worthiness of a person
- Objective for the loan
- Period for which the loan is to be used
- Whether a borrower is a bank customer or not
- The economic integrity of the applicant
- The value of the security presented
- The amount of money required by the borrower
- The government policy on lending

Bank loans are divided into:-

- SHORT-TERM LOAN
- MEDIUM-TERM LOAN
- LONG-TERM LOAN

Types of loans	**Duration of loan**	**Possible**
SHORT-TERM	Up to one year	Finance cash flow shortfalls; buy assets with a life of less than 1year. Accommodate seasonal fluctuation
MEDIUM-TERM	1-10 Years	Finance small scale expansion purchases assets with a life of 1-10 year

		-Overcome a cash flow deficit
LONG-TERM	Over 10 years	Buy assets of more than 10 years life Finance start up

BANK OVERDRAFT: This is money sent by a bank to its prominent customer exceeding the amount on his account. In other words the customer has overdrawn his current account up to a certain figure. Interest is paid on the amount overdrawn.

BANK DRAFT (BANKER'S DRAFT): This is a cheque by which a bank pays money to a named person. This is the safety means of paying money to a person because a bank guarantees payment on it. In other words, a bank draft is a cheque drawn on a bank itself and the bank will issue it only if a person requesting it has paid money to the bank. A bank draft may also be drawn by one bank to another to pay a specified amount to a named person.

STANDING ORDERS (S.O): This is a system where a customer of a bank with a current account authorizes bank to pay a given amount of money to a named person or company of regular intervals on a given day of the month.

DIRECT DEBIT (D.D): This differs from a standing order in that the payee request the bank to dedicate fixed or specified sums from the holder's account. Otherwise both request transferring money from one account to another or to a named person.

CREDIT TRANSFER SYSTEM (C.T.S): This is when a bank customer authorizes his bank to pay money in to the account of a named company or individual payments are made directly into the bank account of the named person.

DIFFERENCES AND SIMILARITIES BETWEEN STANDING ORDER AND CREDIT TRANSFER.

i. Credit transfer are made by putting the money on ones account but standing orders are made directly to the payees

ii. With credit transfer system the payee must have an account but this is not necessary with standing orders

iii. With both systems, payments are made regularly

iv. Both systems are affected through bank.

TRAVELLERS CHEQUE (T.C):

These are cheque issued by the commercial bank to people who travel to distant places. A person pays for them in advance and is useful because they are both in local and foreign currency. When applying for these cheques a person pays a small service charge then the bank issues the cheque leaves and the person signs them in presence of a bank officer.

IMPORTANCE OF TRAVELLERS CHEQUE

- Some shops and hotels may be willing to accept person cheques
- They are available in various currencies
- They are safer to carry than cash.
- They are easy to carry compared to hard cash.
- Travelers cheques may be given in different denominations

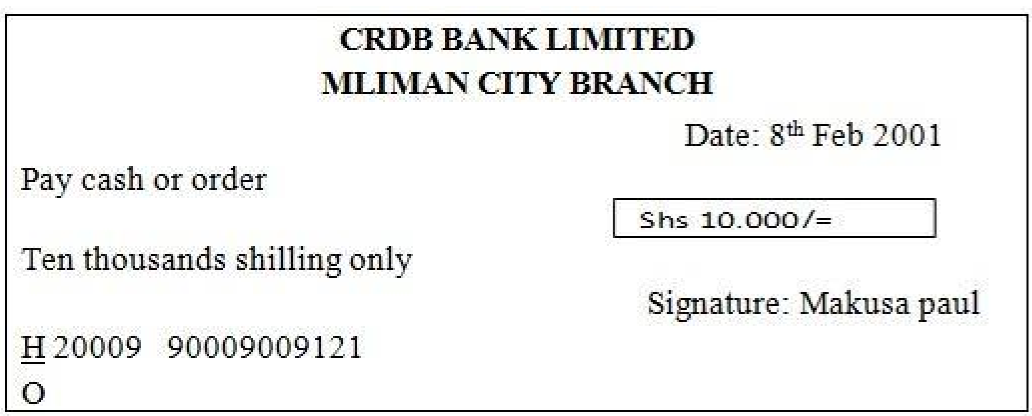
CHEQUE

A cheque is a written order from an account holder to his bank to pay a specific amount of money to the named person. A cheque may be OPEN or CLOSED.

OPEN CHEQUES

These are payable across the bank counter payable to the holder or to the named person. An open cheque where no payee is named is called a BEARER CHEQUE. The area where a payee is named is called an ORDER CHEQUE

BEARER CHEQUE


CRDB BANK LIMITED
MLIMAN CITY BRANCH

Date: 8th Feb 2001

Pay cash or order

Shs 10.000/=

Ten thousands shilling only

Signature: Makusa paul

H 20009   90009009121
O

ORDER CHEQUE

CRDB BANK LIMITED
MLIMANI CITY BRANCH

Date: 8th Feb 2001

Pay: Musisi Daniel or order

Fifteen thousand shilling only 15,000/=

Signature: Musisi Joseph

C 8009 89900990921
O

CROSSED CHEQUE

A crossed cheque bears two parallel lines called CROSSING NORMALLY ON THE LEFT HAND TOP CORNER OF THE CHEQUE: A crossed cheque cannot be presented for payment across a counter, it must be deposited in a bank account crossing a cheque is the safety way of transferring money because even if falls in hand of an imposter, he cannot be presented for a payment across a counter, it must be deposited in a bank account. Crossing a cheque is the safety way of transferring money because even if it falls in hands of an imposter, he cannot present it for cash.

Types of Crossed Cheque:

1. GENERAL CROSSING CHEQUE
2. SPECIAL CROSSING CHEQUE

GENERAL CROSSING CHEQUE

This is where a cheque bears two parallel line on it's face.

1. The words “and company” or any abbreviation between two parallel lines
2. Two parallel lines with or without words “not negotiable”. This indicates that should a person receive a cheque from another, he has the same right as the one who gave it to him and should have a right as the one who gave it to him in case it is lost no one else can get money on it.
3. Two parallel lines with words “Account payee only” between them. Here money must be paid in the account of the named person and not across the counter or to someone else.

Special crossing

With special crossing in addition to what is in the general crossing the name of the bank branch is include sometimes also the amount and the name of the payee are included

Crossing cheque is the safety method of remitting

TYPES OF CHEQUES

1. **Stale cheques:** This is a cheque which has stayed for over six months from the day it was written. This cheque cannot be honored by the bank.
2. **Post dated cheques:** This is the one presented to the bank before the date on it. This cannot also be honored by the bank.
3. **Stopped cheques**: The drawer instructs the bank not to pay E.g. if it is stolen or lost
4. **Blank cheques:** This is a cheque which has been completed accept for the amount in words and figures. Blank cheques are risky in that one may fill in any figure and gets money from ones account, unless they are crossed.
5. **Forged cheques**: This is used by an importer or thief to get money from another person's account. It is advisable that the account holders keep his cheque book safely so that no one else can use it
6. **Lost cheque:** One may lose a cheque as he goes to the bank to cash or deposit it in this cases he should report the matter to his bank immediately before one draw it however crossing cheque make it safe, even if one who loose it the founder cannot get money on it.

PARTIES TO A CHIQUE

a) Drawer:

This is a person who writes and signs a cheque.

b) Drawee:

This is the bank on which the cheque is drawn.

c) Payee:

This is a person to whom the cheque is made payable.

d) Endoser

People to whom the cheque has been written and also counter signs it and transfer it to anther person.

e)Endorsee:

In the above (d) the other person (third person) in the endorsee.

Counter foil

This is a tag from which a cheque is form it remains in the cheque book to remind the account holder the people to whom cheques have been issued, date and amount issued out. The counter foil does not require signing since it stays in the cheque book.

Endorsement of a Cheque.

Signing on a cheque to evidence title is called ENDORSEMENT. This applies also to any other negotiable instrument.

ADVANTAGES OF PAYING BY CHEQUE

- **Convenience:** It is very convenient in writing a cheque is less time than counting large sums of bank notes and coins.
- **Safety:** It is safe that it cannot easily be stolen like cash.
- **Proof of payment:** It can act as proof of payment because once a cheque has been affected by a bank it acts as evidence that money has been paid on it.
- **Easy to carry**: It is easier to carry than physical cash. A cheque can be carry large sums of money easily compared to bulky bank notes.
- **Storage**: It is easy to store, since it does not occupy a large space.
- **Easy to transfer**: Economics (large) amounts can easily and safely be transferred by cheque.
- **Reference**: The counter foil in the cheque book act as a record to the drawer.
- **Easy to pay many people**: With a single cheque an employer can pay many people with it.
- **Easy to send**: A cheque can easily be sent through post compared to physical money.
- **It is secure**: A cheque can be person based by crossing it.

DISHONOURING A CHEQUE

Is when a bank refuse to pay money on it due to several reasons. It may be due to any of the following

- When there are no sufficient funds in the drawer account.
- When the drawer is bankrupt.
- When the drawer is dead.
- The cheque is presented before the date on it.
- When the cheque has an error for instances if the figures differ from words in the cheque.
- When the cheque is stale
- If the signature of the drawer is different from his specimen signature on his account.

MAKING A CHEQUE SECURE

- Crossing the cheques is the best way of making cheques safe because the bank cannot easily cash them across the counter.
- Do not leave unnecessary gaps between the words and figures when filling a cheque.
- Avoid signing blank cheques: this will make imposters fill in the necessary amounts and with draw the money.
- Do not expose your signature as people make forge it and withdraw money from the account
- Always report loss of cheques or cheque book to the bank and police.
- Always keep the cheque book under key and lock and the keys kept away from exposure.

WHY SOME PEOPLE ARE RELUCTANT TO ACCEPT CHEQUES

There are several reasons why many people are reluctant to accept payments using cheques. Some of these include;

- **Lack of information**: The majorities of the people in Tanzania lives in rural areas and are peasants. Very little effort has been taken to educate these people about banking so they are ignorant about cheque, hence they will be reluctant to accept cheque payments.
- **Bank are limited**: The spread of banks in the country is limited to major business centers, so they are many areas in the country not benefiting from banking services, These will be reluctant to accept cheques.
- **Loss of Trust**: Many people have lost trust in banking. This is because of the closure of many banks due to efficiency. People are reluctant to accept cheque especially the post dated ones in fear that the bank may close before cashing it.
- **Lack of Account**: Some people do not have bank accounts yet the present bank policy restricts insuring of open cheques. All cheque must be deposited on bank accounts for clearing. Therefore people without bank accounts will not accept cheque payments.
- **The amount involved**: The majority of the people in Tanzania are small income earners and hence buy in small quantities example it will be inconveniencing to buy a loaf of bread at 700/= using a cheque so in case of small payments people will reluctant to accept cheques.

- **Time consuming**: People who need immediate funds to carry out certain activities may be reluctant to accept cheques. This is because a cheque takes several days before it is cleared by the bank.

TOOLS OF MONETARY POLICY

The central bank uses various tools to control money circulation in the economy. These tools include:

Bank rate:

This is the rate at which commercial banks are charged when they borrow money from the central bank as last resort. When the bank rate is increased, commercial banks also increase their interest rates of money lent to the public. Increased interest rates will reduce the demand for loans, hence reducing money supply.

Open market operation:

Using this policy the central bank sells securities to the public and by doing so people are forced to withdraw money from commercial banks to buy these securities. This money reduces to the economy. Bank of Uganda normally sells TREASURY BILLS to the public at given interests hence reducing the amount of money in circulation.

Selective credit control:

Under this the control bank gives a policy to commercial bank to extend loans to priority sectors and withhold such loans from other sectors. This policy will reduce the number of people getting loans from banks and hence reduce money supply.

Reserve requirement:

This requires commercial banks to deposit a given amount of money to the central bank. The central Bank policy 1995 required each commercial bank to have a reserve of 500 million (500,000,000) deposited with it before the commercial bank begins business operation in addition the central bank also may direct commercial banks to deposit a given percentage of all customers deposits with it. All these are meant to reduce money supply in the economy.

INFLATION

Inflation is a dangerous situation when a lot of money is purchasing very few goods from the economy. it may also be called a **SITUATION IN THE ECONOMY** with persistent price rise. Monetary policies seen above are some of the ways of controlling inflation.

DEFLATION

This is the opposite of inflation. It is a policy aiming at reducing the quantity of money in order to control inflation. The demand with in the country is held down by credits squeeze, restricting wage increase, raising taxes and restricting imports. Deflation is not favourable for investors and businessmen as a whole.

CO-OPERATIVE BANKS: These are formed to cater for the need of farmers especially assisting them with capital. The capital of co-operative Bank is obtained through farmers and co-operative societies by buying shares from poor banking in Tanzania in 1999.

FUNCTIONS OF CO-OPERATIVE BANKING

1. Lends money to members
2. Keeps money for members
3. Assists farmers with same farming advise
4. Assists members with transport facilities

COMMERCIAL BANKS

Commercial banks are financial institutions aimed at helping businessmen and the general public. In Tanzania, commercial banks include, Barclays Banks, CRDB Bank, NMB Bank.

FUNCTIONS OF COMMERCIAL BANK

1. Stores money and jewels for customers
2. Transfer money for customers by means of cheques, bank drafts, standing orders, and credit transfer and travelers cheques.
3. Advises the customer on business and investment matters
4. Commercial bank buys and sells stocks and shares for customers.
5. It acts as a trustee to some of its customers
6. Collect money for its customers
7. It provides financial advice to customers
8. It lends money to the public in form of bank loans or bank overdraft.
9. It issues booklets and pamphlets to its customers regarding banking practices.
10. Assists customers in international trade especially by selling traveler's cheque and assuring bank drafts.
11. Provides right safe services to its customers.
12. It is a source of foreign currency of various countries it exchanges foreign currency with local through foreign exchange bureaus

BANK ACCOUNTS

A person wishing to keep his money with a bank must choose the type of accounts he will use. There are several types of accounts each with its own features

- Current Account
- Saving Account
- Fixed Deposit Account

CURRENT ACCOUNT: -

This type of account is offered by commercial banks only and is normally preferred by businessmen. Current account has several features:-

- A minimum initial balance is required at the amount at the time of opening a current account.
- The withdraw are only limited by the amount on the account. One can withdraw all his money from his account.
- An account holder can deposit any amount at anytime in any form like cash, cheques, drafts, Postal orders and many others.
- A cheque book is provided to a current account holders.
- Bank statements are issued to customers on a monthly basis.
- No interest is given to current account holders (unless negotiated with the bank).
- Sometimes banks allow overdraft facilities to their customers.

PAYING IN SLIPS

These are document used to pay or deposit money into the current account. Details of the deposits are filled on this slip. The purpose is to evidence that some money has been deposited on his account at a particular period. Details include the depositors name or signature, the amount deposited the denominations, the date and case of a cheque details.

OPENING UP A CURRENT ACCOUNT

When a person is opening up a current account be must show the following to the banks:-

- Name, address and occupation if any
- Two referees, who should be bank employers or bank existing customers who must give information regarding. Your financial position and your credit worthiness.
- A signature card is issued where a specimen signature is displayed.
- The applicant then issued with an account number.

- Then he is issued with a cheque book ready to begin transacting with the account.

SAVING ACCOUNT

This is offered by both savings and commercial banks. Important features of this include:-

- A minimum initial deposit as required when opening up the account.
- A minimum balance is required at the time in the account
- Money can be deposited at any time in case of a post office, savings bank money can be deposited from any post office
- Withdraws are allowed once a week
- Notice of seven (7) days must be given to the bank before higher withdraws are made.
- A pass book is provided but not a cheque book which the holder must present to the book when withdrawing or depositing the money.
- Interest is offered on deposit is held on a saving account
- A person holding the account cannot send someone to withdraw money on his behalf; he must be there .
- In case of post office savings account one can draw from any post office within the country of issue.

FIXED DEPOSIT ACCOUNT:

This is an account opened with a certain amount of deposits which remain fixed for specified period of time. Here no further withdrawals or deposits are allowed before the expire of the period.

- It is opened with not less than a certain minimum amount
- A fixed rate of interest is paid on these account
- They are very good for those who have large sums of money which they do not intend to use in the near future.
- Notice must be given before withdraws takes place.

FACTORS CONSIDERED BEFORE CHOOSING A BANK ACCOUNT

INTEREST OFFERED: One should consider the interest enjoyed from a particular bank account. Fixed deposit account offers a high interest rate compared to others.

EASE OF WITHDRAW: A current account is the best for easy withdraw of money. One can write an open cheque in someone's name and withdraws the money across a bank counter. It is not easy to withdraw money from fixed deposit accounts, unless the period has matured.

THE NEED TO SAVE: These with a major need of saving at regular intervals can use a saving account. A saving account may restrict withdrawals unlike a current account where one may withdraw all the money on the account.

ABILITY TO TRANSFER MONEY: Money transfer is very easy with a current account. A person with a current account can give a cheque to another with an account in a different bank and money will easily be transferred to the payees account through the bank clearance system.

SECURITY: It may not be possible to forge and withdraw money from a fixed deposit account since withdraws are only restricted to a particular period known as **MANUARY DATE**; which remains a secret to the account holder. Cheque can easily be forged unless they are fully crossed.

POSSIBILITY FOR LOANS: One should consider the possibility of getting loans from the bank. A current account holder can easily get loans from the bank compared to other accounts. This is because the book can easily monitor his transactions with the bank and determine whether he is capable of handling the loan effectively.

THE AMOUNT INVOLVED: One should consider the amount of money available to open a bank accounts. A saving account is the best for small amount. Some banks in Uganda require only 10,000/= to open a savings account yet they may require about 200,000/= for a current account so large amount may be saved under current or fixed deposit account.

ALLOWANCE FOR OVERDRAFTS: One can withdraw more than he has on a current account this is referred to as an overdraft. Overdraft are not extended to savings account holders and fixed deposit holders.

POSSIBILITY OF PAYING MANY PEOPLE: For organization which needs to pay several people using a bank current account is the best. Several people can be paid using only one cheque with a list showing how much to pay to each person named. A credit transfer system or a standing order may call for this method of paying. It may not be possible to pay several people using a savings account or a fixed deposit account.

RUN ON THE BANK

This is a situation when many bank customers wish to withdraw their money from their accounts. This may be due to loss of confidence of customers in that particular bank or due to great demand for money at a particular period for instance when parents need money for school fees, or at big days like Christmas, Idd day and others. Also should people suspend the closure of a particular bank by the central they may rush to withdraw their money from that bank.

PROBLEMS FACING BANKING

1. **LOSS OF CONFIDENCE**: Many people have lost confidence in banking due to continuing closing.
2. **LACK OF INFORMATION**: Many people especially in rural areas are ignorant of the importance of banking.
3. **POVERTY**: The majority of Tanzania is peasant and poor who may not have any surplus money for saving after spending on basic needs.
4. **LACK OF COMMITMENT**: Lack of committed qualified staff has led to closing of many banks in the country.
5. **MORAL DECAY**: Moral decay among the bank staff has forced some to collaborate with the public to forge and withdraw money and this has led to heavy losses to these banks.
6. **RELUCTANCY TO PAY BACK LOANS**: Many borrowers from banks are untrustworthy and do not pay their loans making the banks to sell on their securities (property) This makes people lose confidence in the bank.
7. **POLITICAL INSTABILITY**: Political instability has discouraged investors towards banking business, especially in those areas experiencing political instabilities e.g Wars
8. **INFLATION**: Inflation in the country has discouraged many people from saving.
9. **HIGH INTEREST RATES**: Businessmen are sometimes discouraged to take bank loans due to the high interest rates yet lending is the source of income to commercial banks.
10. **LACK OF MODERN EQUIPMENT**: Some banks lack modern equipment of count and enter the figures which contribute to congestion in these banks.
11. **FORGERY**: Modern technology in the country has encouraged some people to forge money which may lead to heavy losses to the unfortunate banks, which may receive such money as deposits.
12. **CONCENTRATE IN URBAN CENTER**: Bank concentrate in urban areas neglecting rural areas, hence limiting the scope of banking.

MEANS OF PAYMENTS;

1. Currency notes
2. Coins
3. Cheque

REGISTERED POST

This is sending cash, cheque, draft or other documents by specified envelopes provided by the post office or by any envelope which should be crossed vertically or horizontally

A fee is charged for registration and compensation is offered of the letter is lost in the post.

Registered letter are not delivered through the post box instead a note (on agree card) is put in the addresses / Receivers post box which we must produce a long with a proof of identity when clearing the envelope to wrong hands.

POST ORDERS

This is special documents sold by the post office in fixed denomination of e.g. sh. 10, 20, 50, and 100. A person wishing to pay a sum of money from any post office. A sender sends a post order by using registered envelope in order to avoid mishandling. A post order can be crossed like a cheque and then deposited into a bank. The fee for post order is known as POUNDAGE.

MONEY ORDER

This is sending money by filling in an application from which must be handled over to the post office with the amount to be sent, plus a small fee. A post office gives a sender a receipt which it is sent to a receiver who will present to the paying post office.

PROMISSORY NOTES

This is a document when one person promises to pay another person or his order a special sum of money at a certain date.

BILLS OF EXCHANGE

A bill of exchange is an unconditional order in writing addressed by one person to another, signed by the person to it addressed to pay on demand or certain period or to the order of that person or to bearer.

Is a written document signed by a drawer who sold goods on credit to a drawer who bought goods on credit from the drawer?

HONOURING A BILL: If the drawer pays the amount being shown on the bill.

DISHONDOURING OF A BILL: If a person fail to pay the amount being shown on it.

ENDORSING A BILL OF EXCHANGE

The main aim of a bill of exchange is to acknowledge a debt by exchange accepting a bill a drawer does not actually settle a debt be merely agree to pay at a future date.

A drawer on receipt of the acceptance has two options which are:

1. He can keep it with the maturity date when he can present it to the drawer in order to get money.

2. He can transfer the right to receive money to someone else the act is called endorsement which means singing back of that bill so that money should be paid to someone else.

DISCOUNCOUNTING A BILL OF EXCHANGE

Discounting a bill of exchange means selling the bill to the bank in order to receive money, A drawer may endorse the bill to a money lending institution (bank) which would pay him the money (the value of the bill) less interest(Discounting charges) for the value unexpired period.

NEGOTIABLE INSTRUMENTS

The following documents are negotiable instruments:

- Bills of exchange
- Cheque
- Promising notes
- Travelers cheque
- Bank draft

INTERNATIONAL TRADE

International trade or foreign trade is the buying and selling of goods and services outside the countries which means importing and exporting of goods and services.

HOW INTERNATIONAL TRADE ARISES

The following are the reasons of international trade which are:

- To get what a country does not have/produce because there is no any country that can produce everything to satisfy people's needs.
- To sale or dispose the surplus of goods and services produced usually a country produce more than what they need for their domestic uses / consumption therefore surplus must be sold.
- Geography differences are an important reason for international trade. E.g. If a country is situated in a tropic may fail to produce wheat because the crops grow well in colder countries so they will get wheat from other countries.
- Resource availability. A country can possess resource which another country does not have e.g. Tanzania is the only one country which produce Tanzanite therefore another countries must purchase Tanzanite from Tanzania.

- Human skills and productivity. Developed countries produce commodities which cannot be produced by poor countries e.g. tractors, buses, etc. Therefore poor countries must do trade those developed countries to get those commodities and that is international trade. Apart from that poor country can import those people who produce these goods so that they can assist them to produce such goods.
- Uneven distribution of capital equipment around the world e.g. machines, tools etc

BI-LATERAL AND MULT-LATERAL

1. **BI-LATERAL trade**: Is the buying and selling of goods and services between two countries.

2. **MULTI-LATERAL trade**: Is the buying and selling of goods and services which involves many countries.

MULTI-Lateral trade

Is the best trade where by the world is converted in to one market where countries act as both buyers and sellers.

ADVANTAGES OF INTERNATIONAL TRADE

1. Enable a country to get what she cannot produce herself. Eg.Tanzania imports vehicles, oil, machinery etc.
2. Enable a country to dispose the surplus goods which otherwise will be destroyed
3. Afford the citizens of a country to get greater variety of goods example in Tanzania you can buy clothes manufactured in Britain, Romania, Russia, America etc.
4. Enable countries to specialize in a certain production in which they have the greatest advantages over others E.g. Tanzania can socialize in the production of the Tanzanite is easily bought in the world market.
5. Promotes competition among producers in the world.
6. Competition will make producers or manufactures to produce goods which will have high value in the world market.
7. Promote international understanding because international trade involves movements of people of one country to another country.

DISADVANTAGES OF INTERNATIONAL TRADE

1. Too much specialization on export and production of one commodity leads to hardship when there are fluctuations in price and unexpected fall in demand of that commodity

2. Some of the goods imported may have adverse effects on the citizen of a country example expired goods, harmful drugs etc.
3. If a country depends on a particular country for an important commodity it may sometimes have to tolerate some undesirable gestures from such a country.

IMPORTED TRADE: This means buying of goods and services from abroad.

EXPORT TRADE: Is the selling of goods and services to other countries.

VISIBLE TRADE: Is the import and export of goods only or is the buying and selling of goods only from one country or to other countries

INVISIBLE TRADE: Consists of the import and export of services e.g. Outside country (Tanzania) may have bank branches in other country (Kenya) the profits made by Kenya banks in Tanzania are invisible export of Kenya and invisible import in Tanzania.

BALANCE OF TRADE: The balance of trade is the difference between the visible import and visible exports of a country.

-**Favourable balance of trade**: It means that if a country exports exceed import therefore the difference would be called favorable balance of trade.

-**Unfavourable balance of trade**: If imports exceed the exports therefore the difference would be called an unfavourable balance of trade

NB: (a) Visible trade=Goods trade e.g. Machines, motor current

(b)Invisible trade=Services trade e.g. Banking, exports etc.

BALANCE OF PAYMENTS: Is the difference between the receipts of both visible and invisible exports and the payments of both visible and invisible imports.

Favourable balance of payments: This is when the receipts (exports) exceed the payments (imports)

Unfavourable balance of payments: This occurs when the payments exceed the receipts.

DIFFERENCE BETWEEN BALANCE OF TRADE AND BALANCE OF PAYMENTS.

Balance of trade is the difference between the visible imports and visible exports while balance of payments is the difference between the receipts of both visible and invisible exports and that of the payments of both visible and invisible imports.

IMPORTANCE OF IMPORT TRADE

Import trade: Is the buying of goods and services from other country, import trade have the following importance

1. To get what a country does not produce. E.g. Tanzania is not industrialized country therefore cannot produce machinery, motorcars, etc. Those goods should be imported from abroad
2. To being about the development of an economy e.g. a country can import machinery for building industries (capital goods) experts to teach etc all of these can be imported to generate various developments of consumer products.
3. Importation of goods helps in satisfactions of certain cultural and religious feeling e.g. Imported of musical instruments can satisfy peoples feeling when used in musical bells, drums for traditional dances and some musical instruments can attract people to attend masses.
4. Import trade brings about better standard of living among the community of importing country, the importing country will import goods which help to improve standard of living.

TYPES OF IMPORT TRADE

Import trade may be classified into the following categories:

Direct imports

This means that the importation of goods for the use of importer him/herself. E.g. if a person want to plant maize he/she may import tractor and a planter for that specific purpose. This made without making use of a middleman or a wholesalers

Indirect imports

This is importation through wholesaler import merchants. The merchant in this case do not use the goods himself but sell them to shopkeeper at the profit.

IMPORT PROCEDURES

In order to import goods in Tanzania the importer must apply for an import license from bank of Tanzania.

Before the license is granted the imported must submit with his application and three copies of perform invoice.

Perform invoice is a document which shows the quantity value and place of the goods to be bought it is the same like an ordinary invoice but the difference is that perform invoice does not DEBIT perform invoice is send to anybody who expects to buy the goods.

The bank of Tanzania and ministry of industry must satisfy that the goods actually originate in the country where they are ordered.

DOCUMENTS INVOLVED IN IMPORT TRADE

- **The inquiry:**

  This is the request for information on type of goods condition of delivery and payments

- **The quotation or (price list and catalogue)**

  Is the reply of inquiry, it can be defined as an offer to all certain goods under conditions that are started on it.

- **The order:**

  After the inquiries examines the quotation and find out that he is being offered reasonably terms he accepts it in a form of order.

  Acceptance may be oral or by letter or by any official order form

- **Invoice**

  This is the document showing the records of transaction of a buyer including the value of goods being bought.

- **Advice note:**

  This is the document showing that the goods have been dispatched or sent by a seller informing the buyer/ importer date on which are listed goods were sent or dispatched

- **Delivery note:**

  A document which usually accompanied the goods being delivered/sent providing the importer/buyer the list of items in that particular consignment.

- **The statement:**

  This is a document sent by a seller to his customer showing the number of transaction done by the customers and the supplier. It is sent at a specific period of time e.g. a month or a year.

- **Credit note:**

  This is document sent by a seller to an importer or buyer when gives credit for an over charge in invoice.

- **Debit notes:**

  Is the document used to correct an invoice when an item has been admitted or undercharged.

- **Payment and receipts:**

When payment are made the buyer should be given a document known as a receipt

- **Certificate of origin:**

  It is a document showing the originality of goods; it shows where the goods have made. Certificate of origin is prepared by the seller and signed by the local chamber of commerce or other government authority and send it to buyer or importer who present it to the customs officers with the invoices so that customs duty can be calculated.

- **Indent:**

  Is a request to the agent to place order and behalf of the importer.

- **Perform invoice:**

  Document which shows the quantity value and all details of goods so that an importer can use it to obtain license from the central bank

- **consular invoice:**

  This is an invoice that has been seen and signed by the consulate or embassy of the country to which the goods are being exported. This provides the consul an opportunity of ensuring that goods are reasonably priced and no under viable goods enter the country

- **Letter of credit:**

  This is a document, written by the importers bank to exporter's bank to assure the payments to the exporter it works as follows:

  i) The importer asks the exporter to supply goods, the exporters agree provided that the importer opens a letter of credit.

  ii) The importer approaches his bank for a letter of credit; if his credit is good his bank will issue a letter of credit straight away otherwise the bank will ask for a deposit of the full value of the imports

- The importer bank is called "The assuring bank" The issuing bank writes a letter of credit to its associate in the exporter's bank (corresponding bank).

- The latter of credit signifies that the issuing bank will pay to the corresponding bank the amount started there in.

TERMS OF PAYMENTS IN IMPORT TRADE

The payments for the goods from foreign countries before the goods are transported the seller make sure that the payments are going to be affected without difficulties; the payments are affected in the following ways;

By opening a Bankers credit

In this case the importers bank guarantees payments for the goods being bought i.e. letter of credit.

By using sight Draft

This requires the buyer to make payment at sight i.e. before departing with goods from customs authorities

By using Bankers Draft

These are cheque drawn on bank and the bank guarantees payment against it. This occur when a person find a supplier or seller unwilling to accept a personal cheque especially when a remittance is to be made to a distant town or place

Telegraphic transfer

Money is transferred from one bank of one country to one bank in another country by cable

Air mail transfer

Transfer by using air

A documentary credit

These methods of paying require the opening of a credit at a bank in the country of a seller.

Normally the shipping or transporting of payment documents is sent to the buyer through the bank which is responsible for collecting the payment. The local home bank forwards these documents to its corresponding bank in the importing country. When the documents arrive the bank sends to the importer of the goods a memorandum of payment, after the importer has remitted the amount required to the bank the shipping documents are passed over to him to enable him to collect the goods from customs authorities.

TERM OF DELIVERY OR INTERNATIONAL COMMERCIAL TERM (INCOTERM)

Term of delivery decide who will pay the cost of transportation and other charges. This divides whether the transport payments should be made by a buyer or a seller.

The following are the international commercial term in selling goods;

EX WORKS OR SALE EX GO DOWN OR LOCO PRICE OR EX-WARE HOUSE OR EX-FACTORY.

It means that buyer is responsible to collect the goods from the go down, ware house or works of the seller. In this contract of sale a buyer shoulders all the risks involved immediately after the goods leaves the sellers warehouse or Go down

F.o.r (Free on rail) or (F.O.T) Free on trucks.

The price of goods includes the cost of carriage to a nearest railway station. Therefore the seller undertakes to deliver the goods to the railway station but the further charges are the responsibility of the buyer.

DELIVERY DOCK (D.D) OR (Free on wharf)

The price of goods includes the cost of carriage to the docks. Docks are place where ships wait for cargo.

The seller is responsible to transport the goods to the dock then the buyer should continue with other expenses.

F.A.S (Free Alongside Ship)

The price of goods quoted includes cost of carriage to the docks, dock handling charges and dock duty but not loading expenses.

F.O.B (Free on Board)

The price of goods includes carriage charges dock duty and loading expenses. It means that the buyer will pay (F.O.B) enabling a seller to pay for the carriage charges dock handling charged dock duty and loading expenses of goods into a ship.

[DOCKS=Wharf=Wharves]

C and F (COST AND FREIGHT)

The price quoted goods includes carriage charges to the docks, dock handling charges, docks duty, loading expenses and shipping freight charges.

C.I.F (Cost, insurance and Freight)

The cost of goods includes the carriage to the docks, dock handling charges, dock duty, loading charges, Shipping freight charge and insurance premium to cover the goods against marine risks.

LANDED OR LOADED

The price quoted includes all costs to the part of destination, plus unloading charges i.e. it includes (C.I.F) plus unloading charges.

INBOND

The cost of goods bought includes all the cost to the port of destination plus unloading charges and the cost of handling into a bonded warehouse.

DUTY PAID

The price of goods includes all expenses that is carriage charges handling charges, loading expenses, freights insurance premium, unloading, handling charges in the bonded warehouse and the payment of any customer duty.

FRANCO, REND OR FREE OF EXPENSES

The price quoted includes all the charges up to the premises of the buyer, Therefore the seller transport the goods up to the buyers ware house.

CARR. P.D (CARRIAGE PAID)

This price does include the cost of transport to the buyer especially in land trade.

CARR.FWD (CARRIAGE FORWARD)

The price does not include the cost of transport which can be paid in addition by the buyer, the abbreviation "Carr extra". It is sometime used to mean the something.

F.O.Q (Free on quay)

This price includes all cost in delivering the goods to the quay at the port. It differ from F.A.S quotation where for example the goods have to be transported by higher from the quay to the ship anchored in deeper water

Quay-Is a landing place built of stone or iron alongside which ships can be tired up for loading and unloading.

Lighters are quickest ships (express)

LOCO

Is a price quotation of goods implying that it is the responsibility of the buyer to collect goods from where they are and transmit them (ex-warehouse), ex-works e.t.c.

THE ROLE OF CLEARING AGENT

Clearing agents are specialist person dealing with forwarding and clearing of goods from abroad. The first task of clearing agent is to certain whether goods are:

1. Duty free
2. Dutiable goods

After them they fill the respective forms (entry form). The goods then are handled to Tanzania Harbor Authority (THA) and it's paid for that.

CUSTOMS AND EXCISE DUTIES

Duties are specific or Advertorial

- **Specific duties**

These are duties charged on quantity of some goods like petrol, tobacco, cotton etc being imported

- **Advalorem duties**

These are duties charged on value of manufactured goods motor vehicles, watches, cameras etc.

- **Custom duties**

Refer to the import duties charged on imports as well as exports of goods. But in case of export the practice in rare. There are two reasons of levying duties.

- **As a revenue**

Rising taxes i.e. taxes on imported goods e.g. Tea, tobacco, wine etc. so as to get money or revenue.

- **As a protective duties**

Levied from imported goods in order to protect home produced goods from effect of foreign competition.

EXCISE DUTIES

These refer to taxes imposed on home produced goods. The purpose of this tax is to raise revenue or income and to offset customs import duty a similar goods i.e.

1. raise revenue
2. Protecting local industries e.g. the duty on tobacco through the amount of home grown tobacco for example custom duty is higher than excise duty therefore they form protective to home industries.

THE CLEARING AND FOWARDING OF GOODS.

When the goods finally arrive they are discharged and temporarily stored in the harbour premises waiting pending clearance.

The activity of clearing and forwarding of goods are done by specially licensed firms, known as clearing and forwarding agent's as we have seen before.

The following documents must be submitted to a clearing and forwarding to enable him to prepare an appropriate entry documents.

1. Suppliers/ sellers official invoice
2. Bills of lading
3. Import license

As soon as the agent has arrived those documents be prepare the entry forms, there are three kinds of entries documents, which are

1. **Import free entry**: if goods are duty free
2. **Import duty entry**: if goods are liable on advalorem duty or specific duty.

3. **Ware house entry**: when the importer does not want to pay imports duty immediately the goods can be cleared and stored in a trended ware house.

RESTRICTIONS ON INTERNATIONAL TRADE
Every country must take some measure to control her imports in order to protect her home industries from cut-throat competition with imported goods.

- The followings stapes are usually taken to control imports which are:-
- **Imposing heavy import duties**

  It means that a government levies a tax called import duty on any goods imported. This will led to an increment of the price of the imported goods and a trader will prefer buying the local products instead of imported goods.

- **Fixing import quotas**

  A country can provide a fixed or limited maximum quantity of a certain goods to be imported. Such a limit is called **QUOTA.**

- **Total ban, Prohibition or Embargo**

  A country can avoid or forbid on importation of a particular type of goods. Total Ban = completely not allowed. Total Ban aim to protect the home industry

-

Devaluation
This is the reduction in the value of a domestic currency in terms of foreign currency, When a currency is devalued Export become cheaper while import become more expensive therefore devaluation discourage import.

Exchange Control.
In this measure the central bank provides a limited amount of foreign currency to importers to limit them from importing larger quantities of import.

NOTE:

Restriction = Prohibition = Embargo

BOARD OF INTERNAL TRADE (B.I.T)

This is organizations which supervises and control the importing companies.

It coordinates the working of the internal trade and links it to the government through the ministry of trade.

CHAMBER OF COMMERCE

This is an association of all the business in an area. A chamber of commerce represents of all business even the statutory board and government owned companies.

The following are the services provided by chamber of commerce which are:-

1. They are usually the only organization authorized by the government to issue certificate of origin.
2. They keep members informed on all legislation affecting them
3. They deal with the government on behalf of businessmen
4. They provide a forum where business can discuss their problems. Some even publish their journals
5. They organize trade shows in the country to help the members secure export orders. Now days known as **TCCIA** (Tanzania Chamber of Commerce Industry and Agriculture)

BOARD OF EXTERNAL TRADE (B.E.T)

This is an organization set up by the government with the specific aim of encouraging exports and assisting traders to increase their export sales.

INTERMEDIARIES IN IMPORT TRADE

International trade is not simple to conduct as home trade because it involves a large amount of money. The following intermediaries or middlemen play an important role in import trade.

- **Import merchant**

  These are traders who buy goods from abroad on their own and sell them locally. Their profit consists of the deference between the cost and selling price of goods imported. They resemble with wholesalers.

- **Import Commission Agents**

  These are people who imports goods on behalf the overseas sellers and are paid commission. They are sent consignment by overseas sellers and they use their knowledge of local market conditions in disposing of the consignment at best prices.

- **Import Brokers**

  These are people who do not buy or sell goods themselves but arrange deals between buyers and sellers.

  They posses expert knowledge of technical details and offer their services to importers. They are paid “brokerage”. Therefore Brokerage is the payment of a Broker.

EXPORT TRADE

Export Trade means selling goods and services to other country.

THE IMPORTANCE OF EXPORT TRADE

1. Enable a country to dispose her surplus goods.
2. Enable a country to specialize in field on which she has the comparative advantage i.e. to produce goods which can easily produce and bought by foreigners.
3. Promote international understanding because it allows the movement of people from one country to another.
4. Promotes healthy competition among local and foreigners products.

ORGANIZATION OF EXPORT TRADE

As we have seen that export trade is the selling of goods and services to foreign country. There are two types of exports with their respective organization, these are:-

- **Direct export:**

It means that manufacture or producer forms export their own commodities. In this case they do not use exporting agents.

Organization: manufacturer and producer forms organization involved in direct exporters.

- **Indirect exports:**

It means that the producer or manufacturer do not export the goods they produce they sell their products to local exporter or to the appointed agents who in turn exports the goods.

Organization: local exporters or the agents are the organization involved in direct exports.

EXPORT PROCEDURES

If a trader wants to export goods he/ she should:-

1. Open an account especially cement account
2. Have a trade license from board of external trade(B.E.T)
3. Apply and get an export registration from (B.E.T)
4. Filling of a number of documents like:-

   Bill of lading

   This is the document which contain the details of goods loaded on to the ship, the term and conditions under which they have been accepted by the shipper and the shipping charges.

As soon as this documents is signed by the captain of the ship. It became the evidence of the receipt of goods by the supplier.

A bill of lading has three functions which are:-

- It is a contract of carriage
- It is a receipt for the goods by the shipper
- It is a document of title to the goods i.e. a person named in this document can claim the goods.

A seller/ exporter usually gets the bill of lading from the shipping company and send it to the buyers along with his invoice and insurance certificate to enable him to receive the goods when the ship docks to enable him to receive the goods when the ship docks at the port of destination.

Air way bill

This is similar to the bill of landing only that its issued when goods are set by air and it is not a document of title.

Consular invoice

The document signed by the consulate or embassy of the buying country in the selling country.

Certificate of insurance

This is a document which acts as an evidence of insurance of the export goods in case of the risk occur on the way

Shipping note.

This is the document requested to the port authority. It tells the authority what goods are to be transported, the port of destination and the ship they are sent.

Certificate of origin

Document stating the originality of the exported goods. It shows where those goods are made.

Letter of Hypothecation

A letter from an exporter to his bank, authorizing the bank to sell goods being exported for the best price it can get if the bank cannot obtain payment on a B.E (Bill of Exchange) drawn on the importer, that it has already discounted for the exporter.

The exporter undertakes to make any deficit between the amount of the discounted bill and the proceeds of the sale less expenses (any excess is paid to the exporter)

PROBLEMS OF INTERNATIONAL TRADE OR PROBLEMS FACED BY EXPORTERS AND IMPORTERS

- Language
- Difference in currencies
- Distance
- Poor infrastructure in some countries.
- Documentation
- Misunderstanding
- Deteriorating term of trade and fluctuation of prices foreign exchange difficulties.

NOTE:

ACCOMODATION BILL

-This is a document signed without receiving the same value.

-It is a bill of exchange written to a drawer without selling him any goods.

RETIRED BILL

This is a bill of exchange which is met by the drawer before maturity.

It means that a drawer receive money from the drawee before the maturity of that cheque written by the drawer to the drawee or debtor.

POSTAL REMITTANCE

These are post office methods of remitting or sending or paying money E.g.

- Post orders
- Money orders
- Cash on delivery (C.O.D)

BANKING REMITTANCE

These are bank methods of remitting or sending or paying money E.g.

- Cheques
- Credit transfer
- Bill of exchange
- Standing orders *etc*

ADVERTISING

When a Company launches new products, the existence of such products in the market. This is enhanced through a process known as Advertising.

Advertising Is the process of informing existing and potential customers about the existence of a product or service in the market.

Or

Advertising is a marketing technique intended to create or increase awareness of the public towards the existing or new products.

Besides offering information about the existence of a product or service advertising also provide information about the following:

(i) Price of the product or service

(ii) Quality of a product or service

(iii) Name and content of the products

(iv) What product or service offers

(v) Where to obtain the product or service

AIM OF ADVERTISING

Advertising is aimed at the following

(a) Higher Sales

The main purpose of any business is to make profit and in general the more goods a business sells the higher it's profit will be indeed. Profit should rise at higher rate than sales because some of the costs of production do not increase with output. In Commercial terms as sales Increase, the cost per unit of production is reduced.

(b) New products

These have to be brought to the attention of the public if they are to catch on advertising seems capable of creating a demand for products that people did not realize that they needed.

(c) Branded goods

Manufacturers and retailers branded goods are often advertised to keep the brand name in the public eye. Some producers identify their goods by a special sign or trade mark and advertise on the basis of this.

(d) The company Image

Business generally want to project a favourable image of themselves to the public, they like to be known for the reliability or high quality of their quality of the products. Many advertise are designed purely to project the desire Image and do not to sell goods directly.

(e) Retail outlets

Some advertising Is restricted to the trade press in an attempt to get more retailers to sell the product. Increasing the number of outlets in this way should result in higher sales.

(f) Winning rival firms.

Advertising is aimed to win over rival firms in the market.

(g) Information

Many advertising are designed to inform consumer of changes in the nature of the product. You can probably notice how many products are described as a new or new formula in advertising.

(h) Provide education to the public.

Advertising is aimed to educate the public on the use of a new product example shake well before use or keep away from children.

TYPES OF ADVERTISING

The following are three types of advertising these are:-

(1) Persuasive or Competitive advertising

(2) Informative advertising

(3) Generic advertising

1. **PERSUASIVE OR COMPETITIVE ADVERTISING**

This types of advertising is aimed at convincing customers to buy one's product in favour of that of a competitor. Example persuading people to buy Fanta Orange instead of Mirinda Orange.

2. INFORMATIVE ADVERTISING

Is the type of advertising aimed at educating the audience about goods of technical nature. It also makes people aware of the availability of goods and their silent features example a new brand, colour, performance or ways of using it.

3. GENERIC ADVERTISING

It refers to the collective of general advertising consists of different producers for the purpose of reducing wasteful competition. It includes both information and persuasive advertising.

ADVANTAGES OF ADVERTISING TO THE CONSUMERS

(i) They inform the consumers of what is available for purchase in the market.

(ii) They inform the consumers how the product is used.

(iii) They inform the consumers where to buy the product.

(iv) They tell more about the price, quality, size and other features of the products.

(v) Advertising enables consumers to compare prices and other features of different commodities there by enabling consumers to choose the most suitable products.

(vi) They enjoy reduced prices due to competition from the manufacturers.

DISADVANTAGES OF ADVERTISING TO THE CONSUMERS

(i) Cost of advertising is passed to the consumer in terms of pricing.

(ii) Some advertisements are misleading giving exaggerated information about a product. This influences the customers to buy the product irrespective of its usefulness or quality.

(iii) Some advertising do not mention the side effects of commodities.

(iv) Advertising are not always appreciated by customers especially when they interrupt interesting programmes on television or radio.

ADVANTAGES OF ADVERTISING TO THE PRODUCERS OR MANUFACTURERS

(i) They improve the sales volume of the products thus leading to higher profits.

(ii) Advertisement create awareness of their products to the potential buyer.

(iii) Advertisements make a Company's products popular in the market hence they may encourage a more frequent use of the product.

(iv) They remind the customers about the products in the market. This may boost the sales in the market.

DISADVANTAGES OF ADVERTISING TO THE PRODUCERS OR MANUFACTURERS

(i) Some advertisements are wasteful since they do not encourage productive competition.

(ii) They lead to cut throat competition which might force some producers to close down their business.

(iii) It is an expensive activity of sales promotion.

ADVANTAGES OF ADVERTISING TO OTHERS

(i) These are major sources of income to the advertising media.

(ii) It creates jobs for advertising agencies.

(iii) The governments earn revenue through tax.

ADVERTING MEDIA

Is the means or channel through which the advertisement is conveyed to the public example of advertising media are Television, Newspapers, Radio, etc

(a) TELEVISION

This is a system of broadcasting pictures and sounds by electronic signals. Television is probably the best medium for advertising consumer goods.

ADVANTAGES OF ADVERTISING ON TELEVISION

1. It has the advantage of providing a combination of sound and vision.
2. Another advantage is that television advertisements can be shown at times appropriate to the market for the goods for example children's sweets and toys can be promoted between children's programmes and house hold goods later in the evening when adults are more likely to be watching television.

DISADVANTAGES OF ADVERTISING ON TELEVISION.

1. Very few people can afford T.V sets.
2. Advertisement on T.V are very expensive.
3. They are hardly available.

RADIOS

- Is a system of brood casting information and programmes that people can listen to Advertising through radio is done through commercial programmes, it has a popular audience and allows advertising in many local language with music in the back ground.

ADVANTAGES OF ADVERTISING ON RADIO

1. It cover a wider area hence reaching many people.
2. Advertise can be made to entertain consumers.
3. It is cheaper than advertising on television.
4. It can create employment.
5. Can give clear explanation to the listeners.
6. It is a source of income for a nation.
7. Radio cover a bigger area geographically.
8. Its good even for blind that cannot benefit from TV advertisement.

ADVERTISING THROUGH NEWSPAPERS

These are printed and published papers that contain news. The most important recent development.

In this sectors has been the growth of free local newspapers delivered to most households in the area.

ADVANTAGES OF ADVERTISING THROUGH NEWS PAPER

1. Customers are able to read it again and again.
2. Newspapers are known to carry advertise so they have already audience.
3. Newspapers advertisement make it possible to use picture.

DISADVANTAGE OF ADVERTISING THROUGH NEWSPAPERS

1. Advertise in newspapers can only reach to those who can read and write.
2. It is expensive because one needs to advertise in many papers especially the popular newspapers.

ANOTHER ADVERTISING MEDIA

1. POSTERS.

Are large printed notices or pictures put on a wall to announce or advertise something.

2. **THE CINEMA**

These are buildings where moving picture (firms) are shown. Producers and traders may ask an advertising agent to produce a short commercial for them to circulate to the cinemas.

3.**NEON SIGNS**

These are signs installed on roof or walls of major buildings which are let out to producers after paying rent. Neon signs are very expensive in terms of initial costs and maintenance.

4. **DIRECT MAIL**

This medium of advertising involve sending circular letters or other forms of advertising directly to the potential customers or retailers. It may include leaflets, book list, price lists, catalogues etc.

5. **EXHIBITIONS AND TRADE FAIRS**

A trade fairs Is a place when manufacturers and businessman gather together normally for a few days or weeks or monthly so as to display their goods in order to create market for their goods.

FACTORS TO BE CONSIDERED BEFORE CHOOSING THE ADVERTISING MEDIA

1. Cost of the media

Some advertising media are more expensive than others. For example it is cheaper to use newspapers than to use television the costs of the media should be justified by the value of the products.

2. Target social group

Some media are common to ordinary people e.g. Newspaper, radio while other are mostly for well to do people e.g. television, cinema or video etc the choice of the medium will be based on the target group that is whom you want to reach.

3. Target age group.

Different age group prefers certain source of information. Advertising on school materials should be placed in the news papers, radio or school journal. The medium to be used should therefore be based on the age group for which massage is intended.

4.Geographical area to be covered

Some media cover a wide coverage. While other media reach a very small area. For example radio has a country wide coverage while cinema reach only people in a certain locality.

5.The number of people reached by the medium radio reaches more people than television thus this factor is very important to consider.

6. The economic group to which medium appeals

Some products like machine are not of interest to ordinary people; such products must be advertised through specialized journal e.g. Media journal for media, appliances, engineering journals for engineering machines, office journal for office equipment etc.
