

Economics

Year 1

SECTION

6

MARKET



FIRMS' INNOVATIVE DECISION-MAKING

Market Analysis

INTRODUCTION

In this section, you will explore the different forms and types of market and relate them to examples from Ghana. The section will focus on the concept of market, how to explain it and identify different types of market. Understanding the concept of market is fundamental in economics.

By the end of the section, you will be able to:

- Explain the concept of market and identify the types of markets.

KEY IDEAS

- A market is an arrangement where buyers and sellers interact to exchange goods and services.
- The forms a market can take are related to how exchanges are made between buyers and sellers. There are two forms physical market (face-to-face interaction) and online (remote) market.
- The types of market refer to the different categories based on the nature of goods and services being traded. In Ghana they include product market, service market, labour market, black market and virtual market.

THE MEANING OF MARKET

In section 2, you learned about the role of sellers and buyers in the market. This will help you understand the different forms and types of market and how prices vary.

Market: A market is a system or environment or a set of arrangements where buyers and sellers interact to exchange goods, services or resources. It is a mechanism that facilitates the voluntary exchange of products and services between buyers (consumers) and sellers (producers) based on mutual agreement and pricing.

Forms of markets refers to the different arrangements or structures through which goods, services or resources are exchanged between buyers and sellers.

Types of markets refers to the different categories based on the nature of goods and services being traded.

Forms of market

In this section you will examine two forms of market, physical and online.

Physical market: This is where buyers and sellers meet face-to-face to exchange goods and services. Examples include Kejetia market in Kumasi, Makola market in Accra, Denu market in Denu, your local shops, supermarkets, discount stores and malls.



A physical market at Kumasi



A mall at Kasoa

Figure 6.1 Physical markets

Online market: This is a market where buyers and sellers purchase goods and services by browsing virtual shops on the Internet using mobile phones and computers. Examples of online markets include Jumia and Amazon. One of the benefits to people of online markets is they do not have to travel from their home to buy goods or services. The goods are delivered to them using a carrier right to their front door. You can visit an online market at www.jumia.com.gh



Figure 6.2 A poster advertising the online market JUMIA

TYPES OF MARKET

In this section you will examine five types of market. You have probably noticed that a virtual market looks like it is the same as an online market. It is important to get the difference between the two correct. An online market refers to its structure – shops online, customers at home, delivery by carrier. A virtual market refers to the types of goods and services offered by the online shop.

Product market: It is a market where **physical goods are sold**. Examples are supermarkets selling groceries, electronics stores selling gadgets.

Service market: It is where services are offered and exchanged. Examples are hair salons providing haircuts, consulting firms offering business advice.

Labour market: It is a market where labour services are bought and sold. This can be done at a local recruitment centre, job fair or through the Internet. Examples are Jobberman Ghana, and Manpower Ghana.

Virtual market: It is a market where shops offer their goods and services online. They trade using the Internet. Examples are E-commerce websites like Amazon, online auction sites like eBay.

Black Market: This type of market involves the buying and selling of goods, services or currencies outside official channels. It disregards government rules and regulations and is not lawful. Examples are sales of illegal drugs and counterfeit (fake) goods.

Activity 6.1

1. Working on your own or with a friend, list the markets in and around your community or region and divide them into the two forms – physical and online.
2. Are there any examples of physical markets that also have an online form? Explain why having a shop in a market and online might be an advantage for both buyers and sellers.

Activity 6.2

This activity will need the permission of the sellers and buyers. Take along a friend and explain to sellers and buyers you are doing a project about markets in Economics and are collecting information. Be polite and remember to say thank you, even if sellers and buyers turn you away. Plan out your visit including the questions you are going to ask and have a notebook to record answers.

1. Visit a **physical market** in your community.
2. Observe people buying and selling.

3. Ask buyers why they come to make their purchases in the market
4. Ask sellers if they sell in an online market, ask buyers if they buy online.
5. Write down your findings in the form of a report
6. Share your findings with your friends and Economics teacher.

Activity 6.3

Access the Internet with your tablet or mobile phone and research virtual markets in Ghana. Explore the virtual markets of Jumia, Temu or Amazon. (if you do not have a device with which to access virtual markets then visit a local Internet café or school library which might have a computer you can use)

1. How easy is it to shop online? Explain your answer.
2. How do prices in virtual markets compare to physical markets?
3. Do you prefer to shop online? Give some reasons for your answer.
4. Think of some examples of goods where a physical market might be better to buy from rather than an online market. Give some reasons for your answer.
5. Write up your findings and discuss them with your friends.

Activity 6.4

Arrange a visit to a hairdressing/barbering salon to interview the hairdresser (seller) and customers (buyers). Prepare your questions beforehand to focus on the service market. Be polite and give a copy of the customer interview questions to the owner so they are aware of what you are asking.

1. Find out the prices for their services.
2. Find out how they attract new customers and make sure existing ones come back.
3. Interview the owner to find out what their target age group is, the most popular services they provide, current market trends or fashion, customer satisfaction, booking system and the area they serve.
4. Interview the customers to find out why they come, what services they are buying, their level of satisfaction, and the regularity of their visits. Is price an important consideration for them?
5. Write up your findings and discuss them with your friends.

REVIEW QUESTIONS

1. Define 'market'
2. Describe the difference between the two forms of market.
3. List the five types of market and give an example of the goods or services they trade.
4. Explain the difference between online and virtual markets.

EXTENDED READING

- Exploring Ghana's markets:
https://youtu.be/YIjgz7PSKYk?si=1_KqIUnmZ2XPrPb6
- Online/virtual market
[Jumia Ghana | Online Shopping For Electronics, Home, Fashion, Sport, Beauty & More](#)

Glossary

- **Supermarket:** A large retail store that sells a variety of items, typically in one building.
- **Employers:** Individuals, businesses or organisations that hire and pay people to work for them.
- **Illegal:** Refers to something that is against the law or not allowed by the rules and regulations of a country, state, or organisation.
- **Counterfeit goods:** fake goods not made by the company they represent, often much less expensive, often dangerous.

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