

**PRICING STRATEGY AND ITS INFLUENCE TO PROFITABILITY
OF SELECTED LOCAL DRUGSTORE IN CAVITE**

THESIS

**CAMILLE L. COLADA
JANICA H. FANTILAGA
HANNA MIKAELA V. GALANG**

College of Economics, Management and Development Studies

CAVITE STATE UNIVERSITY

Indang, Cavite

June 2019

**PRICING STRATEGY AND ITS INFLUENCE TO PROFITABILITY
OF SELECTED LOCAL DRUGSTORE IN CAVITE**

Undergraduate Thesis
Submitted to the Faculty of the
College of Economics, Management and Development Studies
Cavite State University
Indang, Cavite

In partial fulfillment
of the requirements for the degree of
Bachelor of Science in Business Management



**CAMILLE L. COLADA
JANICA H. FANTILAGA
HANNA MIKAELA V. GALANG**
June 2019

ABSTRACT

COLADA, CAMILLE L., FANTILAGA, JANICA H., GALANG, HANNA MIKAELA V.
Pricing Strategy and its Influence to Profitability of Selected Local Drugstore in Cavite. Undergraduate Thesis. Bachelor of Science in Business Management major in Financial Management and Marketing Management. Cavite State University, Indang Campus, Cavite. June 2019. Adviser: Ms. Janice E. Paiton.

The study was conducted from August 2018 to May 2019 in selected local drugstore in Cavite.

The study focused on the pricing strategy and its influence to profitability of selected local drugstore in Cavite . It had these objectives: (1) determine the profile of selected drugstores in terms of years of operation, business ownership and capitalization; (2) determine the pricing strategy in terms of breakeven pricing, competition based pricing, cost-plus pricing and value-based pricing; (3) determine the profitability of local drugstore in selected area of Cavite; (4) determine the influence of pricing strategy to profitability; (5) determine the problems encountered by the drugstore in preparing their pricing strategy

Descriptive method was used to analyze the study. The participants of the study are the owners/managers of selected local drugstore in Cavite.

Result shows that the Influences of pricing strategy to profitability of the local drugstore in Cavite are not significantly different. Based on the result the before and after pricing strategy have a low change in profit, therefore pricing strategy have no influence on the profitability of selected local drugstores in Cavite.

In terms of pricing strategy, value-based pricing was the highly implemented method of the local drugstores followed by break even pricing. Competition based pricing and cost-plus pricing were the moderately implemented by the local drugstore.

In terms of profitability, out of 140 participants only 12 answered the question before using pricing strategy. Based on the result seven of the participants lost their

profit and five increased their profit. Furthermore, after using pricing strategy 16 participants lost their profit and 140 increase their profit.

Based on the study, lack of supply and competitors strategy were the top two problems encountered by the drugstore.

TABLE OF CONTENTS

	Page
BIOGRAPHICAL DATA	iii
ACKNOWLEDGEMENT.....	vi
ABSTRACT.....	vii
LIST OF TABLES.....	viii
LIST OF APPENDICES.....	ix
INTRODUCTION.....	1
Statement of the Problem	3
Objectives of the Study	3
Hypotheses	4
Significance of the Study	4
Time and Place of the Study	5
Scope and Limitation of the Study	5
Definition of Terms	5
Conceptual Framework	7
REVIEW OF RELATED LITERATURE.....	8
METHODOLOGY	22
Research Design	22
Participants of the Study	22
Sampling Techniques	23
Data to be gathered	24
Data Analysis.....	25
Statistical Treatment of data	25
RESULT AND DISCUSSION	26
Socio-Demographic Characteristics of Managers/Owners and Business Profile of Local Drugstore in Selected Areas in Cavite.....	26
Business Profile of Local Drugstore in Selected Areas in Cavite.....	28
Pricing Strategy of Selected Local Drugstore in Cavite	30

Profitability before using Pricing Strategy of Selected
Local Drugstore in Cavite31

Profitability after using Pricing Strategy of Selected
Local Drugstore in Cavite35

Influence of Pricing Strategy to Profitability of Selected
Local Drugstore in Cavite38

Problems Encountered by the Drugstore in preparing their
Pricing Strategy39

SUMMARY, CONCLUSION AND RECOMMENDATIONS41

Summary41

Conclusion42

Recommendation43

REFERENCES.....45

APPENDICES 47

LIST OF TABLES

Table	Page
1 List of selected drugstores	23
2 Socio-Demographic Characteristics of Managers/Owners of Local Drugstore in Selected Areas of Cavite	27
3 Business Profile of Local Drugstore in Selected Areas in Cavite	39
4 Pricing Strategy of Selected Local Drugstore in Cavite	31
5 Profitability before using pricing strategy of selected local Drugstore in Cavite.....	33
6 Profitability after using pricing strategy of selected local drugstore in Cavite.....	37
7 Influence of Pricing Strategy to Profitability of Selected Local Drugstore in Cavite	38
8 Problems encountered by the Drugstore	40

LIST OF APPENDICES

Appendix	Page
1 Table of Likert Scale.....	48
2 Slovin Formula.....	50
3 List of Drugstore.....	52
4 Letter or Interview.....	56
5 Questionnaire.....	58
6 Application for Request for Adviser and Technical Critic.....	62
7 Proposal for Approval Sheet.....	64
8 Request for Oral Review.....	66
9 Resume.....	69
10 Statistical Result.....	76
11 Routing Slip.....	112

PRICING STRATEGY AND ITS INFLUENCE TO PROFITABILITY OF SELECTED LOCAL DRUGSTORES IN CAVITE

Camille L. Colada
Janica H. Fantilaga
Hanna Mikaela V. Galang

An undergraduate thesis manuscript submitted to the faculty of the Department of Management, College of Economics, Management and Development Studies, Cavite State University, Indang, Cavite in partial fulfilment of the requirements for the degree of Bachelor of Science in Business Management with Contribution No. _____. Prepared under the supervision of Ms. Janice E. Paiton

CEMDS-BM-2019-126T

INTRODUCTION

A drugstore is one of the most stable businesses because medicine is a necessity, and demand continuously increases as the population grows. The majority of those who enter this business are pharmacists or doctors because they know a lot about medicine. However, while knowledge of medicine is a plus factor when starting a drugstore, business side of drugstore operations needs to be known to be successful. Starting a drugstore can be a very profitable venture. But must know how to manage and operate one before risking your capital.

In the earlier days, when shopping hours for all but necessary stores were limited both on a daily basis and on Sunday, pharmacies were the only merchandise store open on evenings and even on Sundays. These brought pressures on pharmacies to carry on an extensive number of items, which the public wished to be available on odd hours when other stores are already closed. Pharmacies responded by expanding their line of merchandise for the convenience of their customers. In an area of increasing specialization, the owner of the typical community pharmacy continues to function as a generalist in both professional and