

Pricing Strategies and Financial Performance of Lantern Vendors in the City of San Fernando, Pampanga

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Abstract: Seasonal businesses such as lantern vending in the City of San Fernando, Pampanga use pricing strategies that play an important role in sustaining profitability, stability, and growth. This study examines the relationship between cost-plus, value-based, and competitive pricing strategies and the financial performance of lantern vendors in terms of profitability, stability, and growth. Using a quantitative descriptive-correlational design, the study intended total enumeration, but only 16 lantern vendors were surveyed due to field inaccessibility and non-consent. Data were collected through a structured questionnaire adapted from Aguilar et al. [1] and subjected to reliability testing. Descriptive statistics and Spearman's rho (ρ) correlation coefficient were used for analysis. Results showed no significant correlation between pricing strategies and financial performance despite the use of cost-plus, competitive, and value-based pricing practices. This suggests that pricing strategies are not the sole determinant of financial success and that other factors should be considered. A strategic combination of these pricing strategies may be maximized for effective pricing decisions. Lantern vendors are encouraged to align pricing with marketing, financial planning, apply consistent mark-ups, and innovate value-based methods reflecting product quality and brand reputation.

Keywords: city of san fernando, pampanga, financial performance, lantern vending, pricing strategies, seasonal businesses

I. INTRODUCTION

Pricing strategies are essential for both small and large businesses because they significantly influence profitability, stability, and long-term growth by aligning prices with costs, competition, and customer value [2]. Given this, lantern or parol vendors can also strengthen their business performance by applying strategic pricing that considers customer demand and perceived product value [2]. Moreover, empirical studies of SMEs in the Philippines show that employing cost-plus, competitive, or value-based pricing strategies significantly enhances profitability, stability, and growth, illustrating the central role of accounting practices in strategic price-setting [1]. According to Majka [3], cost-plus pricing is a classic strategy in which enterprises set selling prices by applying a fixed markup to production costs, ensuring expenditure recovery and maintaining steady profit margins, although this strategy improves price transparency and consumer trust, its reach is limited because it does not take into account competitive factors and consumer demand dynamics. Majka [3], also explained that value-based pricing is a strategy in which prices are determined by consumers' perceived value of a product or service, which frequently results in higher profitability than cost-oriented strategies and despite its efficacy in competitive markets, the implementation of this technique requires correct assessments of customer perceptions and market conditions. Furthermore, Ali and Anwar [4] defined competitive pricing as a strategic approach in which firms set their prices primarily in comparison to those of competitors, with market reference values serving as the primary determinant of pricing decisions. While this strategy allows enterprises to remain aligned with current market conditions, its success is heavily dependent on anticipating rival reactions and having the ability to maintain profitability despite pricing pressures [3].

Schubert and Kirsten [5] explained financial performance for small vendors since it influences their ability to manage expenses, continue operations, and remain competitive in the market emphasizing that strong financial performance enables vendors to efficiently allocate resources, discover expansion possibilities, and respond to changing client expectations. Beyond individual success, small vendors' financial stability helps to create jobs, generate income, and promote broader economic development in their communities [5]. Moreover, Herman [6] states that financial performance represents an entity's financial situation at a given period and it can also be described as a measure of how well a company can use its resources to make profits or fulfill its financial goals, the study also mentioned that there are two types of measures used to determine an organization's financial efficiency: accounting and market-based procedures.

Recent accounts reveal that lantern vendors in Pampanga see their livelihood become highly seasonal, with sales drastically increasing around the Christmas festive period, especially December, while intervening months show minimal market activity [7]. According to Nono et al. [8], relying on limited peak periods causes financial instability because vendors must continue operations during months when client demand is low so many people struggle to manage cash flow and resources properly, resulting in overproduction or unsold goods after the holidays. At the same time, to remain competitive, vendors must constantly innovate in terms of design, quality, and cost, as many sellers provide identical products in the same market [8]. According to Ballesteros [9], competition intensifies during peak seasons, driving merchants to cut costs or offer distinctive features to attract clients, so even if competition can inspire creativity, it also diminishes profit margins and makes it difficult for smaller vendors to exist and despite these hurdles, they must maintain their business through solid financial planning, marketing tactics, and support systems that allow them to adjust to seasonal swings as well as competition.

The study examined the perceived effect of pricing strategies on the financial performance of lantern vendors, acknowledging the gap in current studies related to this traditional seasonal market. While pricing has been recognized for a long time as an essential factor in business success, most research has focused on larger companies or general retail industries instead of small, culturally embedded micro-enterprises. A significant gap persists in comprehending how strategic pricing choices influence the profitability and stability of lantern vendors, particularly considering the seasonal variations and competitive challenges they encounter. This research emphasizes the significance of price-setting by examining the relationship between pricing strategies and its perceived effect on their financial results, ensuring the sustainability and expansion of the lantern-making sector.

II. STUDY OBJECTIVES

2.1. General Objective

The research study aims to investigate the relationship between pricing strategies and its perceived effect on the financial performance of lantern vendors in the City of San Fernando, Pampanga.

2.2. Specific Objectives

2.2.1. To assess the pricing strategy practices of lantern vendors in terms of:

- 2.2.1.1. Cost-plus pricing strategy
- 2.2.1.2. Value-based pricing strategy
- 2.2.1.3. Competitive pricing strategy

2.2.2. To describe the perceived effect of the pricing strategies in terms of:

- 2.2.2.1. Profitability
- 2.2.2.2. Stability
- 2.2.2.3. Growth

2.2.3. To determine the significant relationship between the cost-plus pricing strategy practices and its perceived effect on the financial performance of lantern vendors in the City of San Fernando.

2.2.4. To determine the significant relationship between the value-based pricing strategy practices and its perceived effect on financial performance of lantern vendors in the City of San Fernando.

2.2.5. To determine the significant relationship between the competitive pricing strategy practices and its perceived effect on the financial performance of lantern vendors in the City of San Fernando.

2.3. Null Hypotheses

H₀1: There is no significant relationship between the cost-plus pricing strategy practices and its perceived effect on the financial performance of lantern vendors in the City of San Fernando, Pampanga.

H₀2: There is no significant relationship between the value-based pricing strategy practices and its perceived effect on the financial performance of lantern vendors in the City of San Fernando, Pampanga.

H₀3: There is no significant relationship between the competitive pricing strategy practices and its perceived effect on the financial performance of lantern vendors in the City of San Fernando, Pampanga.

2.4. Theoretical Framework

2.4.1 Porter's Competitive Strategy Theory

The framework introduced by Porter provides a comprehensive explanation of how firms achieve competitive advantage through strategic positioning within their industry. Porter defines competitive strategy as the deliberate selection of approaches that allow a firm to outperform its competitors by focusing on cost leadership, differentiation, or focus. Cost leadership involves minimizing production and operational costs to offer lower prices; differentiation emphasizes unique product features that are valued by customers, and the focus strategy targets specific market segments with tailored offerings. This framework demonstrates how strategic choices guide decision-making and influence overall performance [10].

Porter's theory further highlights that selecting the appropriate strategy helps firms strengthen their position, maintain operational stability, and achieve sustainable financial performance. In this study, these strategic orientations are reflected in the pricing strategies of lantern vendors. Vendors using cost-plus pricing align with cost leadership, ensuring that production and operational costs are accurately calculated and covered while maintaining a consistent profit margin. Those employing competitive pricing reflect the focus strategy, adjusting prices in response to market competition to sustain sales and operational viability during seasonal fluctuations. Vendors adopting value-based pricing demonstrate differentiation by setting prices according to perceived product value, emphasizing craftsmanship and cultural significance to enhance profitability. Porter's framework thus provides a basis for understanding how strategic pricing decisions influence the financial outcomes of lantern vendors [10].

2.4.2 Resource-Based View (RBV)

The Resource Based View (RBV), introduced by Wernerfelt and refined by Barney, explains how a firm's financial performance depends on the effective use of its internal resources and capabilities, whose value is shaped not only by market demand and supply but also by how they are organized and combined with other internal and external factors [11]. In this study, these resources include cost information, financial planning, pricing knowledge, and operational efficiency, which guide the selection and application of pricing strategies. It is necessary to examine the RBV to understand how internal financial resources influence the pricing decisions of lantern vendors, as strong financial capabilities enable the effective use of cost-plus, competitive, and value-based pricing.

2.5. Conceptual Framework

Figure 1 presents the conceptual framework of this research, illustrating how the understanding and implementation of different pricing strategies (cost-plus, value-based, and competitive) are examined in relation to various aspects of financial performance (profitability, stability, and growth) for lantern vendors. The diagram indicates Cost-Plus Pricing Strategies, Value-Based Pricing Strategies, and Competitive Pricing, each considered in connection with Financial Performance. The framework suggests that the questionnaire is designed to measure these relationships, with each section aimed at evaluating the potential influence of a specific pricing strategy on the financial outcomes of lantern vendors. By exploring these relationships, the research aims to reveal how pricing strategies may affect the financial success of lantern sellers, particularly in a seasonal market. The analysis will investigate the perceived effect of various pricing strategies on different dimensions of financial performance, providing a comprehensive understanding of their effectiveness in fostering the sustainability and growth of this traditional local industry.

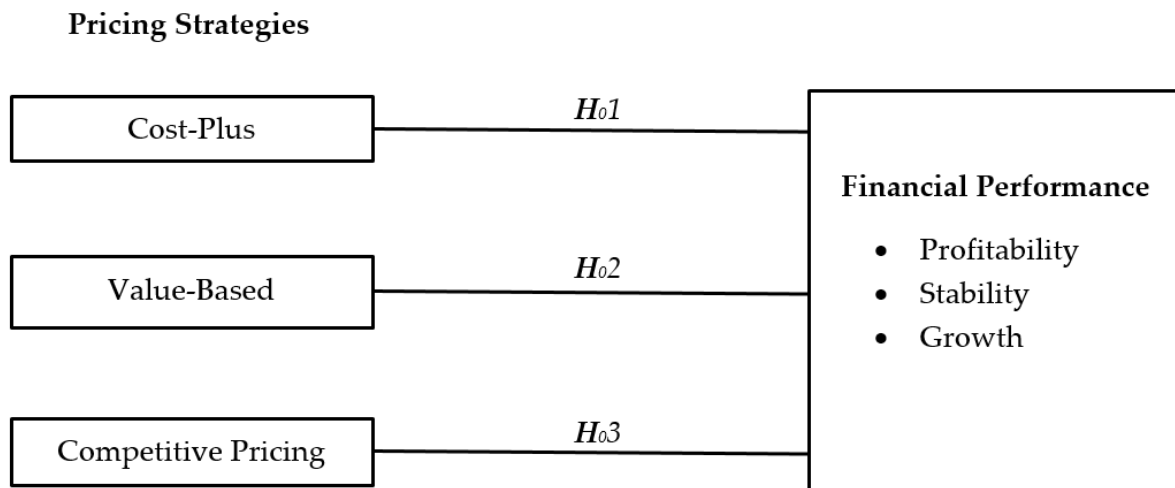


Figure 1. Research Paradigm

III. REVIEW OF RELATED LITERATURE

3.1. Pricing Strategies of Lantern Vendors

Lantern-making, being tied to Christmas traditions, faces unique pricing challenges compared to other businesses. Xia et al. [12] emphasized that firms adopt differentiated pricing strategies to maximize profits, showing that pricing is an active tool rather than a passive mechanism. Aguilar et al. [1] found a significant relationship between cost-plus, competitive, and value-based pricing strategies and business performance in Laguna; these findings suggest that pricing decisions are critical for lantern vendors, who must balance costs, customer value, and market rivalry in a seasonal economy. Recent studies highlight that pricing strategies are dynamic mechanisms for adapting to market uncertainty rather than static financial tools, Casimiro and De Guzman [13] noted that during economic disruptions such as the COVID-19 pandemic, small retailers adjusted pricing and merchandising strategies to respond to demand fluctuations and maintain competitiveness, showing that pricing is not only a determinant of profitability but also a risk management tool. Casimiro & De Guzman [13] added that for lantern vendors operating in a seasonal and unpredictable market, pricing strategy becomes a critical determinant of survival and resilience.

3.1.1. Cost-Plus Pricing Strategy

Aguilar et al. [1] observed that Philippine enterprises often rely on cost-plus methods to recover production expenses while generating profit margins. In line with this, Goodie Okio [14] emphasizes the importance of covering overhead to ensure long-term profitability. However, Keelson et al. [15] noted that in highly competitive markets, cost-plus pricing may restrict profitability when competitors lower their prices aggressively. A study by Flores et al. [2] on Ukay-Ukay businesses in Bulacan revealed that cost-plus pricing provides consistency in margins but limits flexibility when market competition intensifies, indicating that while cost-plus pricing promotes financial stability, it may not give adaptability in volatile markets. Additionally, DeMoras [16] argued that modern costing techniques such as activity-based and life-cycle costing enhance the accuracy of cost estimation, improving the effectiveness of markup-based pricing decisions and that integrating these refined cost methods could enhance the sustainability of cost-plus strategies.

3.1.2. Value-Based Pricing Strategy

Taher [17] highlighted that pricing is one of the most critical challenges businesses face when launching or adjusting products, especially in culturally influenced markets. For lantern vendors in the City of San Fernando, customers often associate larger or more intricate lanterns with cultural pride and status, which justifies higher prices. Utami et al. [18] demonstrated that psychological pricing and perceived value affect purchasing decisions and brand trust. This indicates that lantern vendors can frame their products as both cultural artifacts and artistic investments to

maximize perceived worth, supported by Agbaeze et al. [19], who identify such value-centric strategies as key contributors to superior market performance. Liu et al. [20] found that perceived value and user preference significantly influence marketability in traditional handicraft products, implying that customers are willing to pay premium prices for items that reflect cultural identity. Similarly, Su [21] discovered that perceived cultural identity has an influence on the relationship between emotional and social value and purchase intention, suggesting that higher perceived cultural significance justifies premium pricing. Moreover, Chen, Zhang, and Luo [22] observed that in cultural markets such as museums, perceived value plays a crucial role in designing price levels that align with cultural appreciation.

3.1.3. Competitive Pricing Strategy

Aguilar et al. [1] confirmed that competitive pricing strongly shapes business performance in Philippine enterprises. Similarly, Keelson et al. [15] found that firms in competitive markets often face shrinking margins due to aggressive price competition. Slobodiansky et al. [23] underscore that price is the most critical factor in sustaining firm stability. Moreover, Kawira [24] also noted that effective pricing is essential for survival in such environments. For lantern vendors, this means carefully adjusting prices based not only on production costs but also on competitors' offerings, particularly during the peak of the Christmas season. Garduce et al. [25] found that product pricing and demand significantly influenced sales performance in small-scale sari-sari stores, indicating that competitive and customer-oriented pricing are key to sales stability. Mabeza [26] reported that pricing strategies influenced the customers in the coffee shop industry in Camarines Norte, emphasizing that price fairness and perceived quality contribute to customer retention.

3.2. Financial Performance

Financial performance in businesses can be assessed through profitability, financial stability, and growth, which are metrics widely used in accounting research and applied in pricing-performance analyses, including those adopted by Aguilar et al. [1]. Profitability is typically measured by net profit, profit margin, or return on assets (ROA), it remains the most frequently used performance indicator in studies, and is sensitive to pricing decisions, cost structures, and sales volume [27]. Financial stability, reflecting a firm's capacity to sustain operations and meet obligations, depends on consistent cash flows and working-capital liquidity; strategic pricing can contribute to this by smoothing revenue fluctuations, especially for businesses facing seasonal demand or demand volatility [28]. Growth, operationalized via sales growth, asset expansion, or sustainable growth rate, offers a measure of long-term viability and capacity for reinvestment; pricing strategies that capture perceived value or competitive advantage can enable SMEs to expand internally without external financing constraints [27].

3.3. Pricing Strategies and Financial Performance of Lantern Vendors

Nguyen [29] showed that dynamic pricing, when applied in the tourism sector, contributed to measurable financial improvements, while lantern vendors may not use advanced technologies, similar principles apply when adjusting prices in response to seasonal demand. Azhar [30] stressed that perceptions of price fairness strongly influence repeat purchases, which is essential for vendors aiming to attract returning customers. Utami et al. [18] further argued that psychological pricing not only increases immediate sales but also builds trust, supporting the long-term financial sustainability of traditional enterprises like lantern-making. Aguilar et al. [1] revealed that cost-plus, competitive, and value-based pricing strategies have significant positive relationships with the profitability and growth of SMEs in Santa Cruz, Laguna. Moreover, Silva et al. [31] found that product quality and pricing significantly affected customer purchase decisions in the handicraft industry of Timor-Leste, further showing that balanced pricing strategies improve both financial performance and market competitiveness.

3.4. Future Research Perspective

Studies have demonstrated the role of cost-plus, competitive, and value-based pricing in business performance [1], [15]. Also, other research emphasized the influence of psychological pricing and consumer perception on loyalty and purchasing behavior highlighting a gap in the literature regarding how factors such as differing pricing strategies specifically affect the financial performance of culturally embedded, seasonal, and craft-based enterprises like lantern vendors [30], [18]. Seasonal and cultural dynamics, such as increased spending during Christmas, further shape pricing decisions [32]. Despite these insights, most research focuses on SMEs in general or on global industries, with limited attention to localized, craft-based enterprises like the City of San Fernando's lantern industry. Future

studies should examine how psychological and competitive pricing strategies can affect other accounting measures such as gross profit margins and cash flows. Future studies should also consider other factors such as price fairness judgments, cultural attachment, and purchase confidence to clarify how psychological pricing and consumer responses shape financial performance outcomes. Liu et al. [20] highlighted that perceived value influences the effect of pricing on the consumers of the product, while Chen, Zhang, and Luo [22] emphasized that cultural identity moderates the effect of perceived value on purchase intention. Purchase intention can translate to a change in the revenue and cash flow forecasting of a business. Furthermore, investigating the effects of seasonal discounting and reference pricing could deepen understanding on the cost management practices and budgeting systems of lantern vendors, and their relationship to the financial performance of the business. Such investigation would not only address the knowledge gap in pricing strategies for seasonal craft-based enterprises like lantern vendors but also provide insights for accounting research on how pricing decisions influence financial performance, revenue predictability, and profitability measurement in businesses.

IV. METHODS

4.1. Study Design

This research utilized a quantitative approach and employed a descriptive-correlational design to assess the pricing strategies and its perceived effect on the financial performance of lantern vendors in the City of San Fernando, Pampanga. This correlational study, which examines the extent to which two or more variables are statistically related [33], was used to determine the relationship between pricing strategies and the financial performance of lantern vendors. The correlational design was appropriate for collecting comprehensive information on current practices about pricing strategies and financial performance.

This study focused on lantern vendors in the City of San Fernando, Pampanga, often called the "Christmas Capital of the Philippines" which is renowned nationally and internationally for its Giant Lanterns and its vibrant lantern-making sector, that is closely tied to the Christmas season and the annual *Lubenas ning Pasku* [34]. These handcrafted lanterns, supported by the local government, not only preserve cultural history but also provide a seasonal source of income for many of the city's small-scale traders and artists, even gaining international recognition with displays at the Philippine Center in New York [35]. The city's notable lantern industry and associated economic activity provide valuable insights into the local market dynamics.

4.2. Study Participants

4.2.1. Sample size

The primary participants in this study are lantern vendors operating in the City of San Fernando, Pampanga whether they are primarily selling lanterns or alongside products. These vendors can offer insights into pricing strategies and financial practices within the lantern industry. The research involves a total population of 42 registered lantern vendors, makers and manufacturers based on the official records maintained by the City Hall of San Fernando, Business License and Permit Office as of October 9, 2025. The study initially aimed to reach as much of the total population as possible; however, due to accessibility issues, the seasonal nature of vendors, and lack of consent, only 16 (38%) were surveyed by the researchers.

4.2.2. Inclusion Criteria

- Lantern vendors must have been active in San Fernando for at least one year.
- Vendors must be open to participating in the survey.

4.2.3. Exclusion Criteria

- Vendors who did not complete the questionnaires were not included.
- Vendors who decided against participating were not included.
- Vendors who withdrew their participation after completing part of the survey were not included.

4.3. Research Instruments

To collect information relevant to the study's objectives, a survey questionnaire was employed. The survey questionnaire was adopted from the study of Aguilar et al., [1] "Pricing Strategies and Business Performance Among Selected SMEs in Santa Cruz, Laguna" consisting of three sets of statements for each construct. The questionnaire was originally developed in English and was given a translation to Filipino to ensure better comprehension among the respondents. The translation was properly reviewed and corrected by Dr. Benjamin M. Tamayo with a Ph.d in Literature Filipino.

The aforementioned survey questionnaire underwent reliability testing conducted by the researchers and was analyzed using IBM SPSS Statistics. Table 1 shows the internal consistency of the results using Cronbach's alpha.

Table 1. Cronbach's Alpha Rating

Construct	Items	Cronbach's Alpha	Remarks
Cost-plus Pricing	3	.930	Excellent
Value-based Pricing	3	.934	Excellent
Competitive Pricing	3	.848	Good
Cost-plus Pricing on Profitability	3	.754	Acceptable
Value-based Pricing on Profitability	3	.927	Excellent
Competitive Pricing on Profitability	3	.959	Excellent
Cost-plus Pricing on Stability	3	.963	Excellent
Value-based Pricing on Stability	3	.924	Excellent
Competitive Pricing on Stability	3	.826	Good
Cost-plus Pricing on Growth	3	.921	Excellent
Value-based Pricing on Growth	3	.896	Good
Competitive Pricing on Growth	3	.811	Good

It is structured into two sections to meet the study's objectives. The first section was intended to evaluate and analyze the pricing strategy practices of lantern vendors, focusing on: a) Cost-plus pricing strategy, b) Value-based pricing strategy, and c) Competitive pricing strategy. The second section will assess the perceived effect of the pricing strategies concerning: a) Profitability, b) Stability, and c) Growth. The questionnaire utilizes closed-ended questions, including a 6-point Likert scale to gauge perceptions and attitudes.

To enhance the coarseness of responses and mitigate the potential for neutrality bias, the original 4-point Likert scales from our based study were expanded to 6-point scales, providing participants with a wider range of options to express their perceptions and attitudes. The 6-point Likert scale enables participants to indicate different levels of agreement or disagreement, yielding detailed insights into their views. Alongside the scores for questionnaire items and response options, participants are required to select from a series of possible degrees or measurements. Below are the mean ranges associated with the descriptive ratings:

Table 2. Mean Descriptive Rating

Value	Descriptive Rating	Range
1	Strongly Disagree (SD)	1.0-1.82
2	Disagree (D)	1.83-2.65
3	Disagree to a Limited Extent (DLE)	2.66-3.48
4	Agree to a Limited Extent (ALE)	3.49-4.31
5	Agree (A)	4.32-5.14
6	Strongly Agree (SA)	5.15-6.60

The results, being non-parametric in nature, were analyzed using the Spearman’s rho (ρ) correlation coefficient to determine the strength and direction of the relationship between variables. The interpretation follows a standard range, wherein correlation coefficients close to ± 1 indicate stronger relationships, while values near 0 suggest weak or no association. The table below serves as the basis for interpreting these relationships.

Table 3. *Interpretation of Spearman’s Rho Coefficient*

Value	Descriptive Rating	Range
1	Very Weak	0-0.19
2	Weak	0.2-0.39
3	Moderate	0.4-0.59
4	Strong	0.6-0.79
5	Very Strong	0.8-1

4.4. Specific Procedures

To fulfill the study's objectives, the researchers distributed a structured questionnaire to a representative of the registered lantern vendor in person, concentrating on three primary pricing methods: cost-plus, value-based, and competitive pricing strategy. The respondents were identified by coordinating with the local government to obtain a list of all registered lantern vendors in the City of San Fernando. The document contains relevant information that will enable the researchers to locate the vendors and communicate with an employee in charge of data collection. Prior to collecting data, the researchers clarified to the respondents the objectives, methodology, and the importance of their contribution. Each respondent was provided with a questionnaire together with an informed consent form explaining the purpose of the study, confidentiality measures, voluntary participation, and the rights of the respondents. After being informed about the necessary details of the study, the respondents were requested to provide consent prior to participating by signing the informed consent form. The researchers were also available on-site to address any questions or concerns raised by the respondents.

Once finished, the researchers reviewed the completeness of the answered questionnaires and if necessary, the researchers kindly asked the respondents to fill in any missing information. The researchers stored the information in accordance with data privacy regulations and those stated under the Data Privacy Act of 2012 to ensure confidentiality of the information provided. The researchers also will indicate the dates of visits, interactions with respondents, and any challenges that may have encountered. This documentation will assist in maintaining records of accuracy and transparency of data collection efforts in the conduct of the study.

4.5. Ethical Considerations

The researchers in this study followed the ethical rules established by the ethics review committee of Angeles University Foundation while in conduct of the study. The researchers followed a structured format for the questionnaire provided by the university and respected the intellectual property rights of previous researchers used in the study.

4.5.1. Informed Consent , Process, Duration of Participation, and Withdrawal Criteria

Prior to data collection, the researchers formally introduced themselves and their affiliated institution while explaining the overall objectives and purpose of the study. The respondent selection was also discussed by informing the participants that they were being selected through government records of existing registered parol vendors to ensure that they fully understand the basis of their inclusion before the data gathering procedures begins. The nature of participation was explained, particularly that respondents will be asked to participate in answering the survey questionnaire which took approximately ten minutes to complete. An informed consent form was then provided and explained to ensure that respondents understood the procedures and their rights as participants. They were given ample time to read the form and ask questions, which the researchers addressed before, during, and after the data gathering procedure. If the respondents experience difficulty in answering the survey questionnaire, the researchers provided assistance without influencing their answers.

Participation in the study is voluntary, and only those who provide informed consent were included. Respondents were given the opportunity to decline or withdraw from the study at any time without penalty. All information gathered has been treated with confidentiality, and no identifying details have been disclosed in any part of the study. The data collected has been used solely for academic and research purposes.

4.5.2. Risks and Inconveniences

Respondents may hesitate to participate in the study due to concerns about sharing confidential business information and practices, particularly regarding pricing and financial performance. This may lead to non-participation or incomplete responses. To address this, all data has been kept confidential and reported in aggregate form as discussed during the informed consent process.

4.5.3. Benefits of the Study

In order to help lantern vendors in the City of San Fernando determine the best course of action for maximizing profitability, this study offers insightful information on how various pricing tactics may have a perceived effect on their financial performance. It can be a helpful tool for small business owners to create well-informed pricing strategies that support the stability and expansion of their companies. The results may also be used by regional trade associations and legislators to create assistance plans that boost the competitiveness of regional lantern businesses. Additionally, by including localized data on the connection between pricing strategies and financial performance in small-scale firms, the study adds to the body of knowledge in academia. Finally, it encourages ongoing innovation and improvement in pricing patterns by motivating future academics to investigate related subjects in other regional businesses.

4.5.4. Privacy, Confidentiality, and Data Management

The researchers maintained the confidentiality of the respondents' identities. Survey participants and any pertinent data they supply remained private and was used exclusively to further the goals of the study. All completed questionnaires have been securely stored by the researchers in a designated folder. Physical copies have been kept in a secured storage space, while digital copies, if any, have been stored in password-protected files accessible only to the researchers. After the conclusion of the study, the master list and actual survey forms will be kept for a year before being disposed of properly. All survey form files will be permanently erased.

4.5.5. Conflict of Interest

The study does not have any conflicts of interest.

V. STATISTICAL ANALYSIS OF DATA

This research employed both descriptive and inferential statistics to evaluate the information collected from the lantern vendors in the City of San Fernando. To achieve the first and second specific objectives, descriptive statistics, particularly the Arithmetic Mean and Standard Deviation, was applied to illustrate the assessment of the pricing strategy practices as well as the perceived financial performance among the respondents. The Mean are computed to assess the central tendency of responses gathered on a 6-point Likert scale, while the Standard Deviation was employed to evaluate the variation within the data, reflecting the uniformity of pricing methods across the sample. The objective of these analytical tools is to deliver a quantitative overview of the variables, facilitating a straightforward interpretation of which strategies such as cost-plus, value-based, or competitive, are most commonly used. Findings were analyzed according to the defined Mean Descriptive Rating, where a higher mean indicates a stronger consensus and utilization of a particular strategy, thus establishing a reference point for the vendors' strategic focus.

Furthermore, to fulfill the third to fifth specific objectives, the Spearman's rho (ρ) correlation coefficient was utilized as the primary Inferential Statistical Tool. This was applied to investigate the significant relationship between the independent variables (Pricing strategies) and the dependent variables (Financial performance). The purpose of this analysis is to test the Null Hypotheses and identify whether particular pricing strategies are statistically associated with perceived effect on improved financial results. From the results, the researchers derived the strength and direction of the relationship wherein a positive correlation would suggest that the strategic alignment of prices with

cost, value, or competition directly enhances the sustainability of the lantern-making sector. Also, the study's analysis of data utilized IBM SPSS Statistics to achieve statistical computations. Overall, the analysis directly relates to Porter's Competitive Strategy Theory and the Resource-Based View by determining how the internal capability of strategic price-setting influences the competitive positioning and overall financial success of these culturally embedded micro-enterprises.

VI. RESULTS AND DISCUSSION

6.1. Assessment of Pricing Strategy Practices

6.1.1. Assessment of Cost-plus Pricing Strategy Practices

Table 4 shows the summary of the assessment on cost-plus pricing strategies of lantern vendors in the City of San Fernando. With a remark of "Agree to a Limited Extent," lantern vendors in the City of San Fernando based the selling price on production cost plus markup, supported by a mean of 3.5625 and a standard deviation of 2.0966. An "Agree" rating indicates that the selling price covers enough of the production cost to return the investment, supported by a mean of 4.5625 and a standard deviation of 1.89627. Similarly, an "Agree" rating shows that the selling price generates profit, supported by a mean of 4.6250 and a standard deviation of 1.78419. The high standard deviations show that the lantern vendors' responses vary widely, meaning there is no consistent agreement among them. Some vendors strongly agree while others disagree, reflecting differences in how they apply or benefit from cost-plus pricing.

The findings show that lantern vendors use cost-plus pricing to recover expenses and secure margins, consistent with the studies of Aguilar et al. [1] and Majka [3] who emphasized cost-plus as a common method for ensuring profitability. However, the relatively lower mean for markup application supports Keelson et al. [15] and Flores et al. [2], who argued that cost-plus pricing may limit flexibility in competitive markets. This suggests vendors adapt cost-plus practices to seasonal and competitive conditions, aligning with the Resource-Based View that internal cost knowledge supports stability while requiring adjustments to market realities [11].

Table 4. Cost-Plus Pricing Strategy Practices

No.	Statements	N	Mean	Std. Deviation	Remarks
COS1	The selling price is based on the production cost plus the mark-up price	16	3.5625	2.0966	ALE
COS2	The selling price covers enough of the production cost to return the investment.	16	4.5625	1.89627	A
COS3	The selling price generates profit	16	4.6250	1.78419	A
Grand Mean		16	4.25	1.75752	A

6.1.2. Assessment of Value-based Pricing Strategy Practices

Table 5 shows the summary of the assessment on value-based pricing strategies of lantern vendors in the City of San Fernando. Responses indicate "Strongly Agree" on increasing price due to business reputation, supported by a mean of 5.5000 and a standard deviation of 1.03280. A "Strongly Agree" rating also reflects pricing according to consumer perception of brand name, supported by a mean of 5.2500 and a standard deviation of 1.06458. Likewise, "Strongly Agree" is observed on the price reflecting the overall product quality, supported by a mean of 5.2500 and a standard deviation of 1.34164. We can infer from the remarks and the standard deviation that the value-based pricing strategy is the most relied upon pricing strategy out of the three. The standard deviations indicate that while most vendors strongly agree on value-based pricing strategy practices, there remains some variation in the strength of their agreement.

These results support the studies of Taher [17], Liu et al. [20], and Su [21], highlighting that perceived cultural value and product quality justify premium pricing. The data also supports Chen, Zhang, & Luo [22], who found that

perceived value plays a crucial role in cultural markets. This demonstrates that vendors leverage reputation and craftsmanship as strategic assets, consistent with Porter’s differentiation strategy and RBV arguments.

Table 5. *Value-based Pricing Strategy Practices*

No.	Statements	N	Mean	Std. Deviation	Remarks
VB1	The business increases the price attributable to the business reputation.	16	5.5000	1.03280	SA
VB2	The business increases the price of the product in accordance with the value and perception that consumers have of the brand name.	16	5.2500	1.06458	SA
VB3	The business increases the product price to reflect its overall quality	16	5.2500	1.34164	SA
Grand Mean		16	5.3333	1.08184	SA

6.1.3. Assessment of Competitive Pricing Strategy Practices

Table 6 shows the summary of the assessment on competitive pricing strategies of lantern vendors in the City of San Fernando. An “Agree” rating indicates that vendors reduce product prices below competitors, supported by a mean of 4.5000 and a standard deviation of 1.54919. A “Strongly Agree” rating reflects having the same price as competitors, supported by a mean of 5.3750 and a standard deviation of 1.31022. Likewise, “Strongly Agree” is observed for some product prices being higher than competitors, supported by a mean of 5.3750 and a standard deviation of 1.25831. This indicates that vendors usually rely on matching or setting higher prices compared to competitors, but there are still times when they lower prices to attract buyers, as reflected in the first statement on the table. The standard deviations show that the respondents relatively agreed with one another on competitive pricing strategy practices except for the first statement that shows that there can be some variance among responses.

These findings aligned with the studies conducted by Aguilar et al. [1] and Nono et al. [8], who emphasize that competitive pricing strongly shapes business performance in seasonal markets. The mix of undercutting, matching, and premium pricing reflects Ballesteros [9] and Garduce et al. [25] who noted that competition drives both creativity and margin pressure. Keelson et al. [15] also cautioned that aggressive competition can erode profitability, which explains why vendors balance competitive tactics with differentiation strategies.

Table 6. *Competitive Pricing Strategy Practices*

No.	Statements	N	Mean	Std. Deviation	Remarks
COM1	There are times that the business reduces the price of a product less than the competitors.	16	4.5000	1.54919	A
COM2	Sometimes the business has the same price of a product as the competitors.	16	5.3750	1.31022	SA
COM3	Some product’s prices are higher than the competitors.	16	5.3750	1.25831	SA
Grand Mean		16	5.0833	1.20185	A

6.2. Perceived Effect of the Pricing Strategies to Financial Performance in terms of Profitability, Stability, and Growth

6.2.1. Perceived Effect of Cost-plus Pricing Strategy

Table 7 shows the summary of the perceived effect of cost-plus pricing strategies on profitability of lantern vendors in the City of San Fernando. An “Agree” rating indicates that the usage of cost-plus pricing strategy allows the business to increase the gross profit or margin, supported by a mean of 4.9375 and a standard deviation of 1.28938. Another “Agree” rating reflects that a cost-plus pricing strategy allows the business to mark up the initial cost to ensure an increase in profit, supported by a mean of 5.0625 and a standard deviation of 1.06262. Meanwhile, a “Strongly Agree” rating shows that adapting a cost-plus pricing strategy enables the business to recover cost quickly, supported by a mean of 5.2500 and a standard deviation of 1.39044. Collectively, the standard deviations show moderate variation in responses, meaning vendors generally agree on the positive effects of cost-plus pricing, with stronger consensus on its role in quickly recovering costs compared to just increasing margins or marking up prices.

These results complement the discussions given within the studies of Aguilar et al. [1] and Majka [3], who emphasize that markup based approaches help businesses secure margins and recover expenses. The strong rating for quick cost recovery reflects Flores et al. [2] and Nono et al. [8], who highlight the importance of cash recovery in seasonal markets. However, Keelson et al. [15] caution that cost plus may reduce responsiveness to competition, suggesting that while vendors view it as profitable, they must adapt to competitive pressures.

Table 7. Cost-Plus Pricing Strategy's Perceived Effect on Profitability

No.	Statements	N	Mean	Std. Deviation	Remarks
COSP1	Cost-Plus Pricing Strategy allows the business to increase the gross profit or margin.	16	4.9375	1.28938	A
COSP2	Implementing a cost-plus pricing strategy allows the business' mark up the initial cost of its goods or services by a certain amount ensuring an increase in profit.	16	5.0625	1.06262	A
COSP3	Cost-Plus pricing strategy adapted by the business enables it to recover costs quickly.	16	5.2500	1.39044	SA
Perceived Effect of Cost-Plus Pricing Strategy on Profitability		16	5.0825	1.01464	A

Table 8 illustrates the perceived impact of cost-plus pricing on the business stability of lantern vendors in the City of San Fernando. Respondents generally agreed that this strategy facilitates consistent profit generation, supported by a mean of 5.1250 and a standard deviation of 1.50000, and stabilizes cash inflows, with a mean of 5.1250 and a standard deviation of 1.31022. Notably, there was strong agreement that the adoption of cost-plus pricing helps secure a more regular customer base, yielding a mean of 5.3750 and a standard deviation of 1.31022. Ultimately, the overall composite mean of 5.2094 with a standard deviation of 1.28780 underscores a strong agreement among vendors that a cost-plus strategy is a significant driver of business stability. A moderate standard deviation of 1.28780 demonstrates limited dispersion around the mean, indicating a unified perception and further substantiating the reliability of the group consensus.

Findings suggest that lantern vendors view cost-plus pricing as a dependable driver to sustain stability, securing consistent profits and cash inflows while building trust through transparent pricing. These findings are further validated by Goodie Okio [14], who emphasizes covering overhead to ensure profitability, and Majka [3], who identifies the strategy as a classic method for cost recovery. However, while cost-plus pricing stabilizes margins, Majka [3] cautions that it fails to account for competitive factors and consumer demand, suggesting internal stability may be offset by a lack of market responsiveness.

Table 8. Cost-Plus Pricing Strategy's Perceived Effect on Stability

No.	Statements	N	Mean	Std. Deviation	Remarks
COSS1	The business generates a consistent profit.	16	5.1250	1.50000	A
COSS2	The cash inflows of the business become more stable.	16	5.1250	1.31022	A
COSS3	The business makes more regular customers.	16	5.3750	1.31022	SA
Perceived Effect of Cost-Plus Pricing Strategy on Stability		16	5.2094	1.28780	SA

Table 9 illustrates how the cost-plus pricing strategy is viewed in terms of its effect on business growth. According to the data, the participants typically "Agree" with the statements about this strategy's influence on growth with a grand mean of 4.9588. This indicates that lantern vendors believe cost-plus pricing is an effective strategy for facilitating business growth and development. Vendors reported that this approach helps in obtaining wise counsel (Mean = 4.8750), assists in recovering operational costs for new branches (Mean = 5.0000), and promotes business expansion by ensuring that all expenses are covered while achieving a favorable return (Mean = 5.0000).

According to the results, lantern vendors agree that cost-plus pricing is a strategy that directly helps them expand their businesses. The high mean scores and "Agree" comments show a firm belief that this pricing strategy is essential to guaranteeing that expenses are met, profits are made, and operating costs for growth are recovered. This is consistent with research that suggests cost-plus pricing ensures profitability by assisting companies in recovering costs and securing profits [1], [3]. Furthermore, the finding that cost-plus pricing enables companies to "seek wise counsel" implies that the structured method of figuring out expenses and adding a markup gives vendors a better financial picture, empowering them to make better choices about their business plans and possible expansion paths. This is in line with the more general notion that strategic pricing and overall business performance depend on efficient cost management.

Table 9. Cost-Plus Pricing Strategy's Perceived Effect on Growth

No.	Statements	N	Mean	Std. Deviation	Remarks
COSG1	Cost-plus pricing strategy allows business to seek wise counsel.	16	4.8750	1.31022	A
COSG2	Cost-plus pricing can help the business to recoup the operational expenses for starting new branches.	16	5.0000	1.50555	A
COSG3	Cost-plus pricing fosters the development of the business since it ensures that the full cost of creating a product or fulfilling a service is covered, enabling the markup to guarantee a positive rate of return.	16	5.0000	1.21106	A
Perceived Effect of Cost-Plus Pricing Strategy on Growth		16	4.9588	1.25809	A

Table 10 illustrates the perceived impact of cost-plus pricing strategy on the financial performance of lantern vendors, categorized into profitability, stability, and growth. Overall, responses show a strong level of agreement, with a composite mean of 5.0825 and a standard deviation of 1.08330, indicating that cost-plus pricing is widely seen as beneficial to financial outcomes. Stability received the highest score (M = 5.2094, SD = 1.28780), interpreted as "Strongly Agree," followed by profitability (M = 5.0825, SD = 1.01464) and growth (M = 4.9588, SD = 1.25809), both of which were rated as "Agree." The composite standard deviation of 1.08 indicates that the responses were generally consistent, with only limited variation across their views. This consistency strengthens the reliability of the consensus that cost-plus contributes to profitability, stability, and growth.

Respondents generally viewed cost-plus pricing as helpful to financial performance, yielding a composite mean of 5.0825. Stability earned the highest score, indicating that the strategy is effective in providing predictable financial outcomes. Profitability and growth also received favorable ratings, reflecting their role in steady profit generation and business expansion. These findings supports the study of Majka [3] who found that cost-based pricing has a

strong influence on retail sales performance and further explained that using cost-plus pricing within a broader pricing framework can help businesses achieve financial stability while remaining responsive to market changes. However, Majka [3] also noted that its focus on production costs often overlooks outside factors such as customer demand, competitor pricing, and perceived product value. This implies that while cost-plus pricing supports stability, its impact may be limited if not balanced with external market conditions.

Table 10. *Perceived Effect of Cost-Plus Pricing Strategy to Financial Performance*

Pricing Strategy	N	Mean	Std. Deviation	Remarks
Perceived Effect of Cost-Plus Pricing Strategy on Profitability	16	5.0825	1.01464	A
Perceived Effect of Cost-Plus Pricing Strategy on Stability	16	5.2094	1.28780	SA
Perceived Effect of Cost-Plus Pricing Strategy on Growth	16	4.9588	1.25809	A
Perceived Effect of Cost-Plus Pricing Strategy on Financial Performance	16	5.0825	1.08330	A

6.2.2. Perceived Effect of Value-based Pricing Strategy

Table 11 shows the summary of the perceived effect of value-based pricing strategies on profitability of lantern vendors in the City of San Fernando. Lantern vendors in the City of San Fernando show an interpretation of “Strongly Agree” that value-based pricing enables to establish a higher price and increase sales profitability, supported by a mean of 5.2500 and a standard deviation of 1.23828. Additionally, value-based pricing allows unique and highly priced products to be best positioned to increase profit, supported by a mean of 5.5000 and a standard deviation of 1.26491 with an interpretation of “Strongly Agree”. Lastly, results indicate a “Strongly Agree” remark on product and service quality affecting profitability, supported by a mean of 5.4375 and a standard deviation of 1.26326. All three statements are rated “Strongly Agree,” showing strong consensus among vendors on the positive impact of value-based pricing. The standard deviations suggest some differences in how strongly vendors feel about these effects, but agreement remains high.

These findings agree with the studies of Liu et al. [20], Chen, Zhang, & Luo [22], and Utami et al. [18], who found that perceived value and cultural significance allow the respondents to set premium prices and improve margins. This demonstrates that value-based pricing is a route to profitability for lantern vendors, consistent with Porter’s differentiation strategy.

Table 11. *Value-based Pricing Strategy’s Perceived Effect on Profitability*

No.	Statements	N	Mean	Std. Deviation	Remarks
VBP1	Value-based pricing enables to establish a higher price and increase sales profitability.	16	5.2500	1.23828	SA
VBP2	Value-based pricing allows unique and highly products to be best positioned to increase profit.	16	5.5000	1.26491	SA
VBP3	Quality of product and services affects profitability.	16	5.4375	1.26326	SA
Perceived Effect of Value-Based Pricing Strategy on Profitability		16	5.3963	1.21268	SA

Table 12 outlines the perceptions of lantern vendors in San Fernando concerning the role of value-based pricing in securing business stability. The participants agreed that adopting a competitive stance within this pricing framework boosts both product appeal and overall profitability, registering a mean of 5.1250 and a standard deviation of 1.36015. This strategy also strengthens profit margins, with a mean of 5.0625 and a standard deviation of 1.28938, and significantly drives revenue, yielding a mean of 5.2500 and a standard deviation of 1.23828. Overall, a composite mean of 5.1456 and a standard deviation of 1.21053 confirms that this pricing approach supports business stability. The grand mean of 1.21053 indicates moderate variability in responses, showing that while most of the vendors agreed on its stabilizing contribution, their level of agreement varied slightly.

The results imply that value-based pricing is a strategy for sustaining business stability by maximizing earnings and facilitating organizational expansion. This perspective is supported by Agbaeze et al. [19], who identified value-centric strategies as contributors to superior market performance. By establishing price points that match the perceived excellence of the goods, vendors foster the trust and customer commitment necessary for enduring stability. These findings are closely aligned by Liu et al. [20], who observed that perceived worth strengthens marketability and justifies premium costs, particularly for products carrying significant cultural heritage.

Table 12. Value-based Pricing Strategy's Perceived Effect on Stability

No.	Statements	N	Mean	Std. Deviation	Remarks
VBS1	Using value-based pricing gives a healthy number of repeat customers.	16	5.2500	1.23828	SA
VBS2	Setting higher prices continuously increases the prestigious status of the products and business brand over the past years of operation.	16	5.1250	1.36015	A
VBS3	Value-based pricing allows the business to consistently maintain its positive business cash flow.	16	5.0625	1.28938	A
Perceived Effect of Value-Based Pricing Strategy on Stability		16	5.1456	1.21053	A

Table 13 depicts the perceived impacts of value-based pricing strategies on the growth of lantern vendor businesses. Respondents strongly agreed that a business's brand worth is increased when it prioritizes customer satisfaction and high-quality products (Mean = 5.1875). They also firmly agreed that this increases the number of satisfied consumers, which raises the product's demand (Mean = 5.3750). Although they agreed that a value-based pricing strategy may readily enter the market (Mean = 4.7500), their agreement was not as strong as it was for the other characteristics. The value-based pricing strategy's overall perceived effect on growth had a grand mean score of 5.1038, indicated as "Agree." This indicates that, generally speaking, suppliers view value-based pricing as a useful strategy for promoting business growth.

Based on the results, it is evident that lantern vendors view value-based pricing as a means through which positive effects can be created for the development of their businesses. The results of the survey show that there is consensus regarding the relationship between satisfaction, quality, and demand, indicating that the vendors understand the significance of perceived value in penetrating the market and selling more. This is consistent with the theoretical framework that identifies value-based pricing as an approach to setting prices depending on the consumers' perception of value, thereby promoting greater profitability [3]. The importance placed on customer satisfaction and value creation also aligns with studies that have found perceived value to play a significant role in marketability, specifically when it comes to traditional crafts [20].

Table 13. Value-Based Pricing Strategy's Perceived Effect on Growth

No.	Statements	N	Mean	Std. Deviation	Remarks
VBG1	Using a value-based pricing strategy can easily penetrate the market.	16	4.7500	1.34164	A
VBG2	The business is dedicated to putting customers first and ensuring that the products and services are high quality increases brand value.	16	5.1875	1.27639	SA
VBG3	The business has an increasing number of satisfied customers which results in increasing demand for the product.	16	5.3750	1.40831	SA
Perceived Effect of Value-Based Pricing Strategy on Growth		16	5.1038	1.17123	A

Table 14 presents the perceived effect of value-based pricing strategies on the financial performance of the vendors that can be seen as being grouped into three areas, namely, profitability, stability, and growth. From the responses provided, it is evident that there is generally a very high level of agreement with regard to the effects of value-based pricing on financial performance with overall remarks of Strongly Agree (M = 5.2150, SD = 1.10036). The respondents strongly agree that value-based pricing has a positive influence on profitability (M = 5.3963) and agree on both stability (M = 5.1456), and growth (M = 5.1038).

Results from the study show that the majority of the participants see the impact of value-based pricing strategies as positive on their financial performance. The variable profitability was rated with the highest mean score, which can be understood as "Strongly Agree." Respondents see that value-based pricing can result in high levels of profitability since prices depend on consumer perceptions of the value of products or services [3]. However, stability and growth were also coded as "Agree," implying that these elements are also positively affected, but not as much as profitability. Thus, there is also a positive link between stability, growth, and value-based pricing. Mean score in general reflects a positive perception of the effectiveness of value-based pricing since value-based pricing has been found to be useful for improving the financial status of lantern merchants. Based on the results of the below study, using value-based pricing can aid in achieving profitability and financial sustainability. This is in line with studies showing that perceived value is important in the context of cultural markets because vendors use their reputation and skill as strategic tools [22].

Table 14. *Perceived Effect of Value-Based Pricing Strategy to Financial Performance*

Pricing Strategy	N	Mean	Std. Deviation	Remarks
Perceived Effect of Value-Based Pricing Strategy on Profitability	16	5.3963	1.21268	SA
Perceived Effect of Value-Based Pricing Strategy on Stability	16	5.1456	1.21053	A
Perceived Effect of Value-Based Pricing Strategy on Growth	16	5.1038	1.17123	A
Perceived Effect of Value-Based Pricing Strategy on Financial Performance	16	5.2150	1.10036	SA

6.2.3. Perceived Effect of Competitive Pricing Strategy

Table 15 shows the summary of the perceived effect of competitive pricing strategies on profitability of lantern vendors in the City of San Fernando. A "Strongly Agree" rating indicates that there is a high possibility of affecting revenue through a competitive pricing strategy (M = 5.1875, SD = 1.27639). Another "Strongly Agree" rating reflects that competitive prices are attractive to customers, leading to increased profitability (M = 5.2500, SD = 1.34164). Likewise, "Strongly Agree" is observed on boosting profit margins through the use of competitive pricing strategies (M = 5.3125, SD = 1.25000). Collectively, the grand mean of 5.2506 highlights that competitive pricing strategy is perceived to be effective in terms of profitability, however, the standard deviations show moderate variation in responses, suggesting that vendors consistently recognize that the strength of agreement differs slightly among them.

These results agree with the studies conducted by Aguilar et al. [1] and Garduce et al. [25], who emphasize that competitive pricing attracts customers and drives sales in crowded markets. The data also reflects the study of Keelson et al. [15], who note that competitive pricing can boost short term revenue but may erode margins if sustained, vendors' perception that competitive pricing increases profitability highlights that it can be useful during peak seasons, cautioning that balancing it with other pricing strategies may be necessary to protect long term margins.

Table 15. *Competitive Pricing Strategy's Perceived Effect on Profitability*

No.	Statements	N	Mean	Std. Deviation	Remarks
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COMP1	There's a high possibility that it can affect the revenue when using competitive pricing strategy.	16	5.1875	1.27639	SA
COMP2	Product prices that are competitive are attractive to customers that increase Profitability.	16	5.2500	1.34164	SA
COMP3	Selecting competitive prices for our goods can help to boost profit for margins.	16	5.3125	1.25000	SA
Perceived Effect of Competitive Pricing Strategy on Profitability		16	5.2506	1.19659	SA

Table 16 illustrates the summary of the perceived effect of competitive pricing strategy on business stability among lantern vendors in the City of San Fernando. Lantern vendors in the City of San Fernando rated "Agree" that the business takes into account the cost of competitors' goods and services to maintain consumer influence (M = 4.7500, SD = 1.65328). Furthermore, a "Strongly Agree" rating indicates that competitive pricing helps minimize the risk of losing market share (M = 5.1875, SD = 1.42449) reflecting strong agreement that protecting market positions supports overall stability. Lantern Vendors also "Agree" that competitive pricing assists businesses in continuously increasing their sales (M = 5.1250, SD = 1.66833). Finally, the overall composite mean of 5.0213 with a standard deviation of 1.34769 reflects a general agreement that competitive pricing positively contributes to the stability of the business, with the relatively moderate dispersion showing that most vendors share aligned views despite some variation in their responses.

These results show that competitive pricing is an important tool for keeping business stability, mainly by protecting market share and supporting steady sales. This view is supported by Slobodianyuk et al. [23], who point out that price is the most important factor in managing marketing strategy to keep firms stable. By adjusting to competitor actions, vendors strengthen their place in the market and maintain their influence. This is consistent with Kawira [24], who noted that strategic pricing is necessary for survival in highly competitive industries and for ensuring long-term stability.

Table 16. Competitive Pricing Strategy's Perceived Effect on Stability

No.	Statements	N	Mean	Std. Deviation	Remarks
COMS1	To maintain its consumer influence, the business considers the cost of competitors' goods and services.	16	4.7500	1.65328	A
COMS2	The competitive pricing strategy helps the business reduce chances of losing shares in the market.	16	5.1875	1.42449	SA
COMS3	Competitive pricing assists businesses to continuously increase their sales.	16	5.1250	1.66833	A
Perceived Effect of Competitive Pricing Strategy on Stability		16	5.0213	1.34769	A

Table 17 highlights the effect of the competitive pricing strategy on the growth of business of the lantern vendors. From the analysis below, there is an indication that the effect of the competitive pricing strategy is perceived positively. It was evident that the lantern sellers strongly agreed that competitive pricing enables them to grow their clients (Mean = 5.2500) and that competitive pricing enables them to outperform their competitors in the marketplace (Mean = 5.0625). In addition, they agreed that competitive pricing makes their business gain market share (Mean = 4.8125). The overall effect of competitive pricing strategy on growth had an average value of 5.0425 indicating that the lantern vendors believe that lowering and matching prices is a viable way to expand but the 1.15406 standard deviation suggests that pricing alone may not guarantee a competitive edge of the vendor.

Also, the high level of agreement that this practice can be used to grow the customer base and defeat competitors shows that lantern vendors comprehend how important this strategy is to the growth of their businesses by understanding the dynamics in the markets. This is in line with research that discusses a competitive pricing strategy, which involves setting of prices relative to those of competitors. This can be key to success and surviving in the market [4]. Competitive pricing leads to increased market share and defeating of competitors. This means that lantern vendors employ this practice to gain a competitive advantage. This finding is in agreement with research by

Nono et al. [8], who indicated that competitive advantage was gained through several marketing approaches, one of them being competitive pricing.

Table 17. Competitive Pricing Strategy’s Perceived Effect on Growth

No.	Statements	N	Mean	Std. Deviation	Remarks
COMG1	The business increases market share by using a competitive pricing strategy.	16	4.8125	1.27639	A
COMG2	The competitive pricing approach aids in growing a business's base of current and new consumers.	16	5.2500	1.29099	SA
COMG3	The business was able to outperform its rivals in the market by employing a competitive pricing approach.	16	5.0625	1.34009	A
Perceived Effect of Competitive Pricing Strategy on Growth		16	5.0425	1.15406	A

As shown in table 18, respondents generally perceive competitive pricing strategies to have a positive effect on financial performance. Profitability recorded at the highest mean (M = 5.2506, SD = 1.19659), interpreted as “Strongly Agree,” indicating a very favorable assessment. This is followed by growth (M = 5.0425, SD = 1.15406) and stability (M = 5.0213, SD = 1.34769), both interpreted as “Agree,” reflecting consistent positive perceptions. Overall, the perceived effect on financial performance yielded a mean (M = 5.1042, SD = 1.16709), interpreted as “Agree”.

The results indicate that respondents generally perceive competitive pricing strategies to have a positive effect on financial performance. Profitability obtained the highest mean score, interpreted as “Strongly Agree,” suggesting that respondents view competitive pricing as highly effective in improving profit outcomes. Meanwhile, growth and stability were both interpreted as “Agree,” indicating that these aspects are also positively influenced, though to a slightly lesser extent, which are in line with the findings of Garduce et al. [14]. The grand mean further supports a favorable perception, supporting the findings of Aguilar et al. [1] showing that competitive pricing strategies are generally considered beneficial to financial performance. These findings imply that adopting competitive pricing may contribute to improved profitability, sustained growth, and organizational stability.

Table 18. Perceived Effect of Competitive Pricing Strategy to Financial Performance

Pricing Strategy	N	Mean	Std. Deviation	Remarks
Perceived Effect of Competitive Pricing Strategy on Profitability	16	5.2506	1.19659	SA
Perceived Effect of Competitive Pricing Strategy on Growth	16	5.0425	1.15406	A
Perceived Effect of Competitive Pricing Strategy on Stability	16	5.0213	1.34769	A
Perceived Effect of Competitive Pricing Strategy on Financial Performance	16	5.1042	1.16709	A

6.3. Relationship Between the Pricing Strategies and Financial Performance

6.3.1. Cost-plus Pricing Strategy to Financial Performance

Table 19 presents the statistical relationship between cost-plus pricing practices and perceived financial performance. Using Spearman’s rho, the analysis produced a correlation coefficient of 0.407, which indicates a moderate positive association between the two variables. This result suggests that as cost-plus pricing practices improve, there is a general trend toward better financial performance in terms of profitability, stability, and growth. However, the p-value of 0.118 is higher than the 0.05 significance level resulting in failure to reject the null hypothesis, which indicates that the relationship is not statistically significant. Consequently, the evidence is insufficient to conclude that the association between these variables is statistically reliable.

The absence of a significant relationship suggests that cost-plus pricing alone may not directly drive the financial performance of lantern vendors. Although the moderate positive correlation points to its contribution to profitability, stability, and growth, other factors such as demand, competition, product quality, and customer preferences likely play a stronger role. Cost-plus pricing provides a foundation for covering costs and ensuring margins, but it must be complemented by broader strategies to achieve meaningful improvements. economic conditions. These findings support Majka [3], who argues that pricing decisions in active markets must go beyond internal costs to consider perceived value and competitive positioning. Majka [3] also notes that while cost-plus pricing offers predictability, it often lacks the flexibility needed to adjust to changing economic conditions. Therefore, for vendors to achieve better results, cost-based strategies should be combined with wider market considerations.

Table 19. Relationship between Cost-Plus Pricing Strategy Practices to Financial Performance

Variables	Spearman rho (p)	Remarks	p-value	Remarks
Practices of Cost-Plus Pricing Strategy vs. Perceived Effect on Financial Performance	0.407	Moderate Positive Relationship	0.118	Not Significant

6.3.2. Value-based Pricing Strategy to Financial Performance

Table 20 presents the findings of the correlation between the application of value-based pricing practice and the extent to which it affects financial performance to show a moderate positive correlation, with a value of Spearman's rho (p) equal to 0.48. Nonetheless, at a probability level of 0.06, this correlation was considered statistically insignificant. This implies that although there could be some sort of connection between value-based pricing practices and financial performance, this observed association might be due to chance and cannot be confidently generalized resulting in failure to reject the null hypothesis.

Based on the results, there exists a moderate correlation between the practice of value-based pricing strategy and the effect on the financial performance at a correlation coefficient of 0.48. However, the significance of the correlation cannot be inferred since the p-value is 0.06 and exceeds the critical value of 0.05, meaning that at a significance level of 0.05, the correlation between the variables cannot be said to be statistically significant. This finding contrasts with the study of Aguilar et al. [1], which highlighted a statistically significant connection between value-based pricing and business performance in small and medium-sized enterprises (SMEs) located in Santa Cruz, Laguna. The difference of this study could imply that there are other considerations at play in the financial performance of lantern vendors, or perhaps that the adoption of value-based pricing itself requires a greater effort before it yields any significant outcomes. The presence of a relatively low positive correlation is encouraging, however, since it shows that the adoption of value-based pricing could help in improving the financial performance of the companies, but there are still other determinants involved aside from this one.

Table 20. Relationship between Value-Based Pricing Strategy Practices to Financial Performance

Variables	Spearman rho (p)	Remarks	p-value	Remarks
Practices of Value-Based Pricing Strategy vs. Perceived Effect on Financial Performance	0.48	Moderate Positive Relationship	0.06	Not Significant

6.3.3. Competitive Pricing Strategy to Financial Performance

As presented in table 21, the relationship between practices of competitive pricing strategy and the perceived effect on financial performance yielded a Spearman’s rho (ρ) value of 0.438, indicating a moderate positive relationship. The findings indicate that there is a moderate positive relationship between competitive pricing practices and perceived financial performance, which was also discussed by Keelson et al. [15] which states that a positive relationship exists between market competition and business performance. However, the computed p-value of 0.0913 indicates that the relationship is not statistically significant at the conventional 0.05 level, implying that the observed association may be due to chance which indicates that the results failed to reject the null hypothesis. The lack of statistical significance suggests that this relationship is not strong enough to be generalized with confidence. These findings do not fully support those of Aguilar et al. [1], who reported that competitive pricing and financial performance have a statistically significant relationship. This may imply that moderate correlation value reflects a meaningful but not robust association, indicating that pricing strategies may contribute to financial performance but are not the sole determining factor.

Table 21. Relationship between Competitive Strategy Practices to Financial Performance

Variables	Spearman rho (ρ)	Remarks	p-value	Remarks
Practices of Competitive Pricing Strategy vs. Perceived Effect on Financial Performance	0.438	Moderate Positive Relationship	0.0913	Not Significant

VII. CONCLUSIONS AND RECOMMENDATIONS

7.1. Conclusions

Based on the findings derived from this study, the following conclusions were drawn:

1. The pricing strategy used by lantern vendors was analyzed to reveal that although they recognize cost-plus pricing as a way of covering expenses and making profits, it lacks adaptability in competitive markets. However, the vendors show strong agreement about the perceived effectiveness of value-based pricing in improving their businesses because of reputation and brand name as well as good quality of products sold. The competitive pricing is practiced by the vendors who agree to reduce prices but also strongly agree to match or beat competitor prices.
2. All three pricing strategies, including cost-plus, value-based, and competitive pricing, were rated as highly effective based on the vendors’ perception, with respect to profitability, stability, and growth. The perceived influence of pricing on profitability is generally positive, especially for value-based and competitive pricing approaches, which garnered “Strongly Agree” ratings from the lantern business. In relation to stability, the lantern vendors agreed that value-based and competitive pricing contributes to steady profits, steady cash flows, steady customers, and minimized loss in market share. In terms of growth, lantern vendors agreed that all pricing methods contribute positively to business growth, in particular, value-based pricing is associated with customer satisfaction and demands, competitive pricing helps grow the customer base and beat the competition, while cost-plus pricing supports business growth by paying for costs and generating profits.
3. The analysis of cost-plus pricing strategy practices revealed no statistically significant relationship with the financial performance of lantern vendors. While vendors perceive cost-plus pricing as useful for covering expenses and ensuring profitability, inferential testing failed to reject the null hypothesis (H_01). This indicates that any observed association may simply be due to chance and cannot be generalized with confidence. Cost-plus pricing, therefore, provides consistency but is not sufficient on its own to drive measurable financial success in highly competitive and seasonal markets.
4. Value-based pricing was strongly perceived by vendors as effective in enhancing profitability, stability, and growth, particularly through reputation, product quality, and cultural identity. However, inferential analysis showed no statistically significant correlation between value-based pricing practices and financial performance. As the p-value exceeded the conventional threshold, the null hypothesis (H_02) was accepted. This suggests that while value-based pricing is viewed positively by vendors, its measurable impact on financial performance may be limited or influenced by other external factors, and the observed results may be attributed to chance.

5. For competitive pricing, inferential analysis indicated no statistically significant correlation between competitive pricing and financial performance. The null hypothesis (H_0) was therefore accepted, indicating that the observed association may be due to chance and cannot be generalized with confidence. Competitive pricing may help vendors survive in crowded markets but does not guarantee measurable long-term financial success.

7.2. Recommendations

Based on the findings, recommendations of the researchers are as follows:

1. Since the findings revealed that cost-plus pricing helps cover expenses and generate profit but lacks adaptability in competitive markets, vendors may improve their pricing decisions by also considering competitor prices, customer preferences, and the perceived quality of their products. It is also suggested to actively evaluate their costs and desired profit margins to avoid underpricing and ensure sustainability of their business operations. At the same time, vendors must strategically position their products based on perceived customer value rather than relying solely on competitor prices. By doing so, they can strengthen profitability while maintaining competitiveness in the market.
2. As vendors perceive the pricing strategies to be effective in terms of profitability, stability, and growth, it suggests that the strategies work hand in hand together, therefore integrating them in balance and a strategic combination can maximize financial performance. Lantern Vendors are encouraged to regularly monitor market trends, customer preferences, and competitor pricing to make informed pricing decisions. Additionally, vendors should continuously improve product quality and customer experience to reinforce the effectiveness of value-based pricing in driving customer loyalty and demand. Through the consistent and integrated use of these pricing strategies, vendors can achieve sustainable growth and enhanced financial performance.
3. Lantern vendors should not rely exclusively on cost-plus pricing strategies as the sole basis for improving financial performance because the study found no statistically significant relationship between variables. To remedy this, vendors could implement more systematic costing processes, such as precisely identifying all production and operating expenses and using consistent mark-up rates. Along with this, strengthening financial planning, customer relationship management, and promotional activities may also help improve profitability, stability, and business growth beyond pricing alone. Training programs, simple pricing tools, and financial literacy campaigns can also be used to improve their understanding and execution of cost-based pricing methods, resulting in more sustainable profitability.
4. Lantern vendors should innovate and invest more in value-based pricing methods, as it is widely practiced in the lantern industry. This includes improving product quality and developing brand reputation. Given that value-based pricing earned the greatest level of agreement in terms of efficacy, vendors should prioritize enhancing workmanship, product longevity, and unique design characteristics that boost customer perceived value. Furthermore, efforts to establish a strong brand identity and sustain client satisfaction can justify higher prices while encouraging repeat business.
5. Lantern vendors are encouraged to take a more strategic approach when establishing competitive pricing methods. While the data show that suppliers are eager to match or cut prices to compete in the market, relying solely on price reduction may have a negative influence on long-term profitability. To strike a balance between competitiveness and financial sustainability, vendors should include market analysis, competitor assessment, and product distinction in their pricing selections. Vendors can extend their consumer base while maintaining consistent revenue and promoting long-term business success by strategically using competitive pricing.
6. Future research could expand this study to include a larger and more diverse community of lantern vendors, increasing the generalizability of the findings. Also, because the current study is constrained by accessibility issues and the seasonal nature of vendors, broadening the scope of respondents will provide a more accurate representation of the lantern vending industry and improve the reliability of the findings.
7. Given the lack of significance in relationships, future studies can include other variables that may affect financial performance besides pricing strategies, such as product diversification, operational practices, marketing approaches, and external market conditions. This is significant because many suppliers sell various Christmas-related products, which may influence the total perceived impact on business outcomes.

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