

COMPETITION, LTD.

The Marketing of Gasoline

by Fred C. Allvine and
James M. Patterson

Gasoline is big business, involving six of the country's twenty largest corporations, 220,000 retail outlets, and 3.7 cents out of every consumer dollar. Yet little attention has been focused on the structure and marketing practices of the industry, and the interrelationships of methods of marketing with other aspects of the industry have never been fully explored. This detailed work analyzes the competition among the major companies and between them and the small independent marketers and provides a reliable critique of the way gasoline is marketed today.

To answer their principal question—is competition working as an effective regulator of this industry?—Professors Allvine and Patterson had first to seek answers to many other questions. Are the private branders an important force for preserving competition? What structural changes in the industry are being wrought by the merger of major firms? Are the periodic price wars evidence of vigorous competition or of something else? To what extent do contracting sources of supply for private branders and the rising costs of new locations serve to deter new entries into the industry?

The authors' findings are sobering: monopolistic power abetted by government tax and import policies, insulation from the

(continued from front flap)

free play of market forces, conscious efforts to undermine informed consumer choice, inefficiency and resistance to change, and a massive misallocation of human and natural resources. In the authors' own words: "By whatever criteria one chooses to judge the marketing of gasoline—market structure, economic performance, or business conduct—the result is less than the consumer has the right to expect. Both prices and costs are higher than they would be if competition were working effectively." An important book for students of market behavior, economists, and the growing consumer movement.

FRED C. ALLVINE is Associate Professor of Marketing in the Graduate School of Industrial Administration at Georgia Institute of Technology and Staff Economist for the Permanent Investigating Subcommittee of the Senate Committee on Government Practices.

JAMES M. PATTERSON, Chairman of Marketing in the School of Business at Indiana University, is co-author of *Marketing: The Firm's Viewpoint* and *The Blue Collar World*.

(continued on back flap)

Indiana University Press