

Fuel Price Point?

Reprinted from the July/August 2008 issue of *Farm & Ranch News*

Once again I have been driving through Arizona, California, Oregon, and Washington talking to people about making their own biodiesel. In that process, I saw a rather large difference in fuel prices between California and Oregon. It was not unusual to see California diesel selling for well over \$5 per gallon, and regular gasoline over \$4.60. On the other hand, Oregon diesel was selling for around \$4.65 and regular gas was available at \$4.20. So, what is the issue, you might ask.

Well here is the interesting part. California driving behavior appears to be radically different than it was just a few months ago. Autos and trucks are both driving slower. Traffic, in general, has decreased. People going to work are carpooling. Optional driving on weekends is dramatically reduced. Drivers are combining their shopping, work, and errands into one trip. Wow, it has finally happened, at least in California. The population of that car crazy state is actually conserving fuel. The change isn't due to a "green awareness," but rather pain at the pump and strain on their budgets. Okay, but what about Oregon? Interestingly, I didn't see much change. Heavy traffic, jack rabbit starts, and speed as usual on the freeways.

Could there be a price point for fuel? Is there some magic number that causes American drivers to change their behavior and conserve fuel? Judging from the difference in California and Oregon, perhaps that price point is \$5 for diesel and about \$4.50 for regular gasoline. Maybe the price point will turn out to be different in every state. I don't know.

One thing we do know for certain is that price points do affect shopping behavior. The companies that are skilled at marketing know this very well. The United States is, in my judgment, in a recession and price points will become very significant. It's no accident that McDonald's now has a "value menu" with many items selling for less than \$1. Apparently \$1 is a price point for fast food during a recession.

So what is your price point? How much do you have to pay for fuel before you drive less and travel slower? What will it take to cause our entire nation to reduce fuel consumption? \$4 or more gas is here to stay. \$5 gas is on the way. So, again I ask, how much do you have to pay before you conserve? We are about there, aren't we? Is it time to get a diesel vehicle and brew your own low cost fuel?

By Chuck Cole
Doctor Diesel
www.doctordiesel.com
July 2008