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Chairman Colapietro, Chairman Shapiro and members of the General Law Committee:

My name is Glenn Pearson and I own a Mobil Franchise in New Haven. Thank you for the opportunity to express my objections to the zone pricing ban in ~~Raised Bill No. 6518~~. Approval of this bill will severely impact my bottom line and those independent dealers like me who are already struggling to stay in business due to rising costs and competition.

Like the cost of living, the cost of doing business in Connecticut varies widely depending on your location. Property taxes, real estate prices and rent are very different in Fairfield County than New Haven or Hartford Counties. Costs vary between urban and suburban regions as well. The cost of a gallon of milk or a loaf of bread can vary greatly depending on where you happen to be in Connecticut. Retailers are allowed to price their goods as a reflection of their overhead as well as recognizing what their competitor down the street may be charging. Like gasoline, these items are staples of living.

One of the largest challenges branded dealers face is trying to compete with the big box stores such as Stop & Shop, Costco, Sam's, and B.J.'s who now sell gasoline in many of our areas at or near cost as a loss leader. If a corporation like Mobil is required to sell gas to dealers like me at the same price regardless of what external marketing conditions might be, we will not be able to compete and will very quickly go out of business. When it comes to buying gasoline, the consumer is driven mostly by price not brand so a few pennies per gallon impacts our bottom line greatly.

Just as business costs vary regionally within our state, they also vary between states. Those dealers who are located on the borders between Massachusetts or New York must compete with the prices that stations charge across state lines. For example, the price for a gallon of gas in Massachusetts is generally about 10 cents cheaper than Connecticut. In order to be competitive, dealers in these regions need to pay less for their gas, so they can charge less. Mobil recognizes these situations and adjusts their price to the dealer accordingly.

Mobil oil is one of the few major oil companies who still supply gasoline to dealers in Connecticut. Competition and market factors such as I described above have forced the other major companies out of our state and closed many gas franchisees. We all know that Mobil cannot and will not cut their wholesale prices to dealers uniformly throughout the state in order to help those of us in highly competitive areas to stay in business. My station is located in New Haven where it costs more to keep the doors open than in Pomfret. I have a Stop & Shop located down the street as well as four independent distributors located within ¼ of a mile. It's very simple, the only way I can remain competitive is if I am paying less for the gas I sell. Big corporations like ExxonMobil Oil won't be hurt by this bill, it is small businesses like mine who will be a casualty of this legislation.

We need to continue pricing our products like any other retail commodity as a reflection of open market conditions and not limited by legislation.

Thank you for your consideration and attention.

Glenn F. Pearson