

# The Hidden Cost of Cheaper Gas

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ALTON/GODFREY - For most drivers, cheaper gas is a good thing - so it makes sense to seek the gas station with the lowest prices. But in a market where big, corporate-backed chain gas stations can buy in bulk and undercut the local competition, saving a few cents at the pump could cost drivers their beloved independently-owned gas stations, like Hit-N-Run in Alton.

Hit-N-Run owner Dwight Fowler said there's no way local, independently-owned gas stations can compete in this gas market.

“We’re actually having issues with certain stations in this area that are undercutting everybody just to steal the business - like Walmart and Sam’s, those guys are the big ones that do it,” Fowler said. “In this area up there on Godfrey Road, the Walmart is literally almost selling under cost just to pull the people in and it’s killing all the other independents. We can’t compete.”

As of this writing, the Walmart on Godfrey Road is selling gas for \$3.39 per gallon, the cheapest price in the St. Louis Metro-east area - other stations along Godfrey Road are selling it at \$3.41 per gallon. Stations in Alton hover around \$3.90 while stations in Jerseyville are selling at \$3.96 per gallon. In Edwardsville, the Walmart-backed Sam's Club gas station is also undercutting its competition by selling gas at \$3.65, while other stations in the city hover around \$3.75 per gallon.

Fowler said there are two main reasons why locally-owned stations are struggling to keep their prices competitive: they can’t buy the same bulk quantities and they can’t adapt their prices as quickly.

“Big corporations can buy bulk straight down the pipeline - when you’ve got thousands of stations, you’ve got the money to buy a million gallons at a time,” Fowler said.

He added that once Hit-N-Run buys a shipment of gas, they’re locked into that price, even if it happens to drop the next morning - they can’t afford to sell it for less than they bought it, whereas large companies like Walmart can afford to take those losses to change their prices more quickly, drive them down and draw in more customers, recouping their losses.

Traditionally, gas in the Riverbend area has been cheaper “across the river” in Missouri, but that’s no longer the case - as of this writing, gas in St. Louis averages about \$3.50 per gallon, while the Walmart station on Godfrey Road is selling it for \$3.39 per gallon. Fowler said that shouldn’t be happening, given Illinois’ gas tax.

“Right now, they’re selling gas cheaper than Missouri,” Fowler said of the Godfrey Road Walmart gas station. “We should be 30 cents higher than Missouri because of taxes - we have a 30-cent higher tax than across the river.”

Fowler said he thinks their main motivation for undercutting the local competition is greed.

“The big boys are always hungry for everything,” Fowler said. “We all want to make some money - that’s the name of the business - but they just like to steal everything from everybody.”

For updated gas prices around the Riverbend, visit [riverbender.com/gasprices](http://riverbender.com/gasprices).

