

# FREE Gas Incentive Takes Notice

June 13 (Bloomberg) -- Tired of \$4-a-gallon gasoline? How about a free tank?



As U.S. fuel costs rise to records, marketers of cars, travel and even golf equipment are offering deals on fuel to keep sales from flagging.

Callaway Golf Co., the Carlsbad, California-based maker of Big Bertha drivers whose shares have fallen 31 percent this year, is giving away \$100 of gasoline with the purchase of clubs costing as much as \$529 each. Chrysler LLC in Auburn Hills, Michigan, is capping buyers' costs at \$2.99 a gallon (3.8 liters) on most vehicles. Expedia Inc. of Bellevue, Washington, is handing out \$50 prepaid fuel cards when customers use the largest Web travel agency to book at least three nights in a hotel.

"Gasoline prices are top of mind for the consumer," said Callaway Chief Executive Officer George Fellows, 65. "The campaign has hit a responsive chord in our customers and provides a significant incentive. We want people driving to the range and this will help them get there."

The national unleaded average gasoline price rose six-tenths of a cent to a record 4.066 per gallon yesterday, according to according to the AAA, the country's largest motoring club. The price is one-third higher than a year ago.



## Fuel as Bait

Marketers are taking the decline in consumer sentiment as an opportunity to use free fuel as bait, said Burt Flickinger, managing director at New York-based Strategic Resource Group.

"The last time we really saw anything like this was 35 years ago with the first big spike in oil in 1973 and 1974," he said.

U.S. automobile sales dropped 8.4 percent in the first five months of the year, according to Autodata Corp. of Woodcliff Lake, New Jersey.

Suzuki Motor Corp. is offering "free gas for the summer" to get customers into showrooms. The Hamamatsu, Japan-based automaker, whose shares have dropped 19 percent this year, is giving buyers of any of seven models a prepaid Visa card good for 3,000 miles worth of fuel per month for three months.



## \$2.99 a Gallon

Chrysler, the third-largest U.S. automaker, is trying to reverse a 19.3 percent decline in U.S. sales in the first five months by capping gasoline costs at \$2.99 a gallon for three years for buyers of most Chrysler, Dodge and Jeep vehicles. The offer, which was extended through July 7 from an original end date of June 2, covers regular, diesel or ethanol blends of fuel and is limited to 12,000 miles annually.



While dealers offered their own promotions when gasoline prices spiked in the past, "this is the first really big push at this level," said John Wolkonowicz, a senior automotive analyst for North America at Global Insight Inc. in Lexington, Massachusetts.

The number of people visiting Chrysler dealers rose 25 percent in May over April, James Press, the company's co- president, said on May 19.

Supermarkets and drugstores are attempting to use free fuel as an incentive for smaller purchases.

Customers at H-E-B food stores in Texas get \$5 in gasoline for every \$25 spent on house-brand merchandise. Giant Eagle markets in Ohio, Maryland, Pennsylvania and West Virginia are providing a credit of up to \$1 a gallon for shoppers who transfer a prescription or sign up for a store credit card. Rite Aid Corp., the third-biggest U.S. drugstore chain, is offering \$30 in fuel as a bounty for moving prescriptions.

## 'Bigger Bite'

"Gasoline is just taking a bigger bite out of shoppers' household budgets so they certainly are going to be more receptive to programs that ease the pain at the pump," said Jennifer Halterman, a senior consultant with the Columbus, Ohio- based TNS Retail Forward market-research firm.

High gasoline prices are forcing some tourist attractions to subsidize visitors' driving. Timber Bay Lodge, a Minnesota lakeside resort, is giving 20 gallons to anyone reserving a houseboat, costing up to \$2,995 a week, by June 15.

The National Basketball Association's New Jersey Nets are also turning to gasoline to attract fans amid declining attendance as the team prepares to move to Brooklyn in New York.



## 'Hollywood Seats'

The Nets are offering fans a prepaid card worth 10 percent of the price of a season ticket if they buy or renew one by the NBA Draft on June 26, spokesman Barry Baum said. Fans can get as much as \$35,000 in free gas, for renewing the team's highest- priced season ticket package, four ``Hollywood Seats'' in the front row next to the bench for \$350,000, Baum said.

"Everyone feels the rising gas prices," he said. "We felt this was a way to give back while also attracting new season- ticket holders."

Such gasoline-related deals are "here to stay," even if the price of oil drops 5 percent to 15 percent, Flickinger said.



"Consumers can't really control the price of their car payments and their mortgage payments and student loans," Flickinger said. "The only way consumers can really control their variable costs is on gas and groceries. Gas cards will be the most powerful promotional vehicle of any kind this year and during the rest of this decade."