

When Gas Prices Skyrocket

\$20 Per Gallon

By Christopher Steiner

288 pages

Grand Central Publishing 2009

REVIEWED BY ROBERT EHRLICH

» Why would *OTC Perspectives* review a book on the cost of gasoline? The answer lies in the fact that some macro trends are so important as to trump micro or single industry trends. While readers of this magazine are focused on building OTC and personal care brands, we also are all subject to the economics of life. Steiner has written a book that forecasts escalating gasoline prices and its predicted effects on how we live. So this reviewer will deviate from normal reviews on healthcare marketing to expand to how all our lives will change when gas prices skyrocket.

Steiner takes us through what will shift in how we work, live, travel, vacation, shop, socialize and eat. As gas prices climb, we will, in stages, dramatically alter our lives. Steiner's chapters are titled in price shifts. What happens at \$6, \$8, \$10, \$12, up to \$20? The basis for the rising prices is relatively simple and supported by numerous experts in forecasting energy trends. Oil demand will far outstrip supply in the next few decades. Chinese and Indian demand for oil will continue to gobble up supply as these countries try to develop a middle class. No matter what America and Europe do to conserve or shift to other sources of energy, China and India will use internal combustion engines and other oil-based machinery and products.

Gas prices will rise fairly steadily and drive major changes in American behavior. Steiner sees a shift to urbanization as

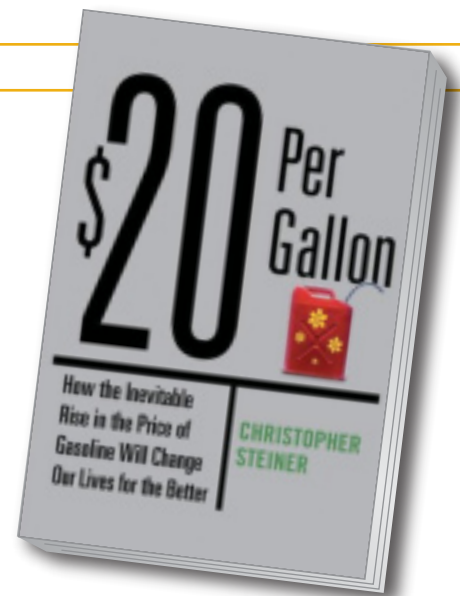
one of the major results of rising gas prices. It will reinvigorate cities and we will return to clustered living. The Wal-Mart suburbanization will die, as we will shop using our feet or rail. The suburban commute that relies on cars will cease, and many far-out suburbs will die unless connected by rail.

Air travel will again be a luxury as it was in the 1950's. Rail will become the new form of long-distance travel. For corporations, fewer workers will agree to re-locate away from their families and friends. Clearly more telecommuting will be in vogue.

Food will be too costly to transport. The local farmers' market concept will be the dominant source of food. Each region will grow what it can rather than import fruit and vegetables from thousands of miles away. That may mean a healthier diet.

Our shops will stock more locally produced goods as transportation costs make foreign sourcing much more expensive. It will no longer make sense to ship goods from China as energy costs surpass the savings from cheaper labor. That, of course, will allow America to re-create manufacturing industries for basic hard and soft goods. Some of us remember buying an American-made television or shirt. That will again be possible.

The net of Steiner's analysis is that we should not fear absurdly high gas prices. We will live a life that is more community based. We will return to an era where regional differences exist once again. The mass merchandiser culture will be replaced by local entrepreneurs. New job opportunities will emerge as local infrastructure must be built again. Life will be simpler. We may miss out on exploring the world, but enjoying the local environment will be what we need to do.



Steiner may be incorrect in the degree or rapidity of rising gas prices, but he is right that a declining resource is meeting fast-rising demand. China and India as well as numerous other countries in the developing world have every right to use fossil fuels to grow their economies. They will not sign on to limit their use of oil, no matter what the impact on climate change. No energy expert says we can switch to solar and wind to totally replace fossil fuels. We may be able to use alternatives to slow down the impact of rising oil prices but that will not alter the fact that fossil fuels are necessary to maintain our current lifestyle.

There are few books that make you think the world as we know it will shift dramatically. This is one of them. It will not help you be a better consumer marketer, but it will make you a smarter planner for your personal investment portfolio and planning a life strategy for your kids. <<

Robert Ehrlich is chairman and chief executive of DTC Perspectives Inc., which publishes OTC Perspectives and organizes the OTC National Conference. He regularly reviews books about healthcare, the pharmaceutical industry, marketing and advertising. He also writes a weekly e-newsletter providing insights on pharmaceutical marketing trends. To subscribe to this free weekly analysis, sign up at the Web site, www.DTCPerspectives.com. Ehrlich can be reached by e-mail at Bob@DTCPerspectives.com.