

To Fly or Not Fly?

MANAGEMENT DECISIONS

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

The choice to lead a discussion

On January 31st 2019 at 9:00 am, SAS released the news through a press release (**Exhibit 1**) on their website. The press release revealed their new initiative that entails compensating for the CO₂ emissions for all their EuroBonus, starting from February 1st.

By these means, SAS communicated that they will be compensating for 40% of their flights, which represent a total cost of approximately 150 million SEK, as their current members include 5.6 million travelers. The press release explained how the initiative to compensate for the CO₂ emissions is a part of SAS's ambitious overall goals that aim to reduce the total amount of emissions. In the press release, the CEO, Rickard Gustafson, states:

"Our most loyal customers and frequent travelers share our wish to have more sustainable flights. Our customers that travel to, from and within Scandinavia should know that SAS works for reducing our impact on the climate on a daily basis."

Later the same day, SAS further shared the news on their social media channels (**Table 1; Exhibit 2,3,4**), with the headline *"EuroBonus members are one sustainable step ahead."* Furthermore, SAS sent an email (**Exhibit 5**) to their EuroBonus members with the title "Sustainable News" to inform about their new initiative. The email stated:

"We work constantly to reduce our impact on the environment, to just by investing in new aircraft with lower emissions, technological innovations and smart green solutions, but also by offsetting CO₂ emissions. We already offset emissions for all SAS Youth tickets. And from February 1th, we'll also start offsetting emissions for all of our EuroBonus members' trips on SAS."

This means that SAS chose to openly communicate their initiative and take the role of a discussion leader. Furthermore, SAS chose to communicate this new initiative at a larger scale, compared to their previous efforts that entailed CO₂ offsetting for all their Youth tickets (starting from April 1st, 2018). This indicates that SAS deliberately chose to not put emphasis on their CO₂ compensation for Youth tickets the same way they chose to communicate their newest initiative. This might largely be due to the fact that compensating for only Youth tickets represent a much smaller number of travelers, compared to compensating for their EuroBonus members that consist of 5.6 million travelers.

Furthermore, SAS is now clearly stating their offsetting initiatives on their website (**Exhibit 6**). Unlike Finnair and Norwegian (other Nordic airlines), SAS is more clear on this matter and displays the offsetting on the main page. By these means, SAS is clearly communicating their sustainability efforts, compared to the other airlines, who barely make it visible without one having to search much harder. Additionally,

these airlines do not offer climate compensation embedded in the price like SAS. This further indicates, how SAS not only provides their members with an added value, but generally also makes it easier for their customers to make more sustainable choices. “*Making life easier for frequent travelers*” was also shown in the identity matrix, which entails how SAS is further building upon that.

Reasoning behind the decision

Through a phone call conversation with the head of media relations, Freja Annamatz, at SAS Sweden, many reasons behind the choice to openly communicate the new initiative were recognized. Not only has SAS been working with sustainability for a long time, but the sustainability discussions have also become one of the most important topics in today’s society, especially in Scandinavia where SAS mainly operates. Therefore, SAS saw the opportunity to participate in the discussion and show that they care about the environment. As a consequence of their initiative, SAS became a discussion leader and first mover in their industry, while at the same time taking a step forward in building a sustainable corporate image.

“The sustainability debate has escalated, especially after the summer with the fires and drought. The interest for climate questions has grown and customers simply care and want to know more. It is not only about flights, but about the whole society, and SAS wants to take responsibility and be a first mover. We have of course a large focus on Scandinavia, because it is our home market, but Sweden, Norway and Denmark have all started to care more about this issues.” - Annamatz, 2019

This decision shows how SAS not only participates in an important discussion, but also how they are able to respond to the market’s wants and needs, and thereby realize that societal change is taking place, especially within the airline industry that they operate in. Even though the CO₂ compensation itself will not solve the sustainability crisis, the choice to openly talk about it is a way of pushing a debate and developing further discussions, but also a means to show their customers how they together can achieve a better future. Furthermore, it also puts pressure on the whole industry to take the next step regarding sustainability efforts.

“Although this is not that much about the climate compensation, but more about pushing the debate on biofuel where we see that we can reduce our emissions relatively fast. The climate compensation is an additional part to our other sustainability initiatives, which brings an added value to our members, but also a part of our long-term goals regarding our sustainability. Although this initiative will not solve the problem, it will still make our customers aware of our work. This is our way of having a dialogue with our customers and providing them a solution with an added value, and thereby help them become more aware of sustainable choices.”- Annamatz, 2019

A fit with the larger picture of SAS

It was essential for corporate communication to be aligned with the corporate identity, the decision to communicate the initiative was only an option as long as it fits with SAS at large.

“We have thought of this new initiative carefully, because we do not want to communicate something that will be wrongly received. And it has to be something that is connected to the bigger picture of SAS and our work. We communicate it to show how we work with the sustainability questions at large.” - Annamatz, 2019

As mentioned earlier, SAS has been working with sustainability for a long time already, even though it might not have been visible to customers. It has included everything from sustainability reports to already offsetting the CO₂ emissions for their Youth tickets. They also have ambitious goals for the future, whereby the new initiative is only a small part of. The choice to openly communicate about compensating for approximately 40% of their flights is thereby a rather obvious step, when taking into consideration the rest of their sustainability plans.

“We also work on replacing our plane fleet to become more environmentally friendly with new technique that reduces emissions and increases efficiency. We also want to make the plane interior weigh less and reduce food waste. We also think about how we wash the planes to reduce water usage and we use hybrid vehicles at the airports. On top of that, we want to fly with only biofuel within Scandinavia by the year 2030.” - Annamatz, 2019

Public response

The public reaction to SAS' communication was both criticizing and cheering (**Exhibit 7, 8**). The negative social media comments involved statements such as “greenwashing,” “flying will never be sustainable until we have electric aircrafts,” and “airlines will only be sustainable once they stop flying.” Furthermore, the negative replies also stated confusion about what compensation in this case truly means. On the other hand, people were also reacting positively by cherishing the initiative. Comments such as “this is the best that can be done for now,” “well done SAS,” and “a good airline became even better,” were part of the positive social media response. Additionally, SAS gained some publicity in the media, one of the headlines in the Swedish newspaper stating; “SAS' new weapon against fly shame” (**Exhibit 9**).

However, it did not take long until another airline did what SAS saw as a possible negative outcome of their initiative. As SAS claims to only compensate for their EuroBonus members (in addition to their Youth travelers), another airline, BRA, recently took their initiative one step further and now claims to compensate for all their flights (**Exhibit 10**). Although BRA is smaller in its corporate size and amount flights, they still have beneficial arguments against SAS. In this case, BRA is claiming not to complicate things by only compensating for some travelers, and that they rather compensate for all travelers. This in turn, puts SAS in a slightly negative spotlight. On the other hand, it is also an indication of how SAS succeeded in putting pressure on

other airlines, and thereby achieve a more sustainable future with the help of other airlines. This might further turn into a more positive reputation of the industry at large.

A bright future ahead

Although this initiative is fairly fresh and recent, there is evidence that indicates the possibility for SAS to continue on the sustainable path with a positive response. As mentioned before, SAS constantly works for a sustainable future and the new initiative that they chose to communicate, is simply one piece of a larger puzzle. Even though SAS received both negative and positive feedback on their initiative, other industry and company examples represent a positive future not only for SAS, but for the society at large. Scandinavians in general have a big interest in sustainability matters, which make many companies take further steps for a sustainable society.

For example, Stockholm Taxi has introduced electric vehicles and the response has been extremely positive among their customers. In fact, it has been so good that the company has decided to purchase even more electric vehicles and has a goal of having a fleet free from fossil emissions by the year 2025. Furthermore, Bzzt Stockholm which is offering urban people in the capital of Sweden, the chance to travel from A to B in an electric podtaxi is also blooming at the moment. However, the transportation industry is not the only industry working for a sustainable future. The Swedish food retailer Coop is another example of a Scandinavian company that has been great in responding to societal changes. They launched a new campaign that aims for Swedish families to eat less meat, by offering more vegan and vegetarian alternatives and recipes. Furthermore, the Bank of Åland also launched the Baltic Sea card, which is made of environmentally friendly material, and at the same time calculates one's CO₂ emissions according to one's purchases. The initiative behind the card was the bank's idea to support their customers in making sustainable choices. This has been very well received among their customers, has won awards, and resulted in an invitation to the United Nations to speak about their sustainability efforts.

These examples all have something in common. It is the fact that they have all seen the need to adapt to the market and its societal changes, regardless of the industry they belong to. In this case, they have taken the opportunity to support their customers in making more sustainable choices, instead of leaving too much in the hands of the customers. This indicates, how companies and branding strategies can succeed in acknowledging societal change, by being one step ahead their customers. This shows a new area for brands that entails working for a sustainable future, whereby some start small, and some start bigger. SAS might be a brand that chose to start small with their efforts to compensate for a big portion of their flights. It might not be the end and ideal solution, but it is definitely a step in the right direction, that hopefully will encourage other airlines to follow the same path. The positive responses towards other brands in Sweden indicate that the society indeed is changing and consumers require more from corporations than ever before. It is simply a matter of who takes the first step and when. In this case it was SAS, and this is their chance to continue being an industry leader that represents a sensitive subject in today's society. After all, it might have been the best idea to be a discussion leader, even for an airline that belongs to a heavily criticized industry regarding sustainability, as this catches the attention of the public.

and thereby prepares it for the future sustainability actions that SAS is planning. As stated by the CEO of the company:

“Sustainability is an integral part of our business, and affects every decision we make.”

Exhibit 1 SAS press release about their new offsetting

January 31, 2019 09:00 / English

SAS TO OFFSET THE FLIGHT CARBON FOOTPRINT OF EUROBONUS MEMBERS

Effective 1 February, SAS is going to offset the flight carbon footprint of all tickets booked using a EuroBonus number.

Table 1 Social media announcements

	SAS announcements on social media
Facebook	<i>"As of tomorrow, February 1st, we will CO2 offset all our EuroBonus members' trips on SAS. We believe our passengers are the Travelers for the future, and therefore we offer our community to participate in our many initiatives to reduce our environmental impact."</i>
Instagram	<i>"Starting tomorrow we will CO2-offset all our EuroBonus members' trips on SAS flights. This is one of our actions to reduce our environmental impact and create a community of travelers for the future #flysas #TravelersofTheFuture."</i>
Twitter	<i>"Starting tomorrow, February 1st, we will CO2 offset all our EuroBonus members' trips on SAS flights. This is one of our sustainability efforts to reduce our environmental impact. #flysas #Travelersofthefuture #Sustainability #aviation"</i>

Exhibit 2 SAS Facebook

SAS - Scandinavian Airlines
31 januari kl. 13:45 · 🌐

Med start imorgon, 1 februari, koldioxidkompenserar vi för alla våra Eurobonus-medlemmars resor med SAS. Vi tror att alla våra passagerare är Travelers for the future, och vi bjuder därför in vårt community att delta i ett av våra många initiativ för att reducera vår inverkan på miljön.

EUROBONUS MEMBERS ARE ONE SUSTAINABLE STEP AHEAD

TRAVELERS FOR THE FUTURE

SAS.SE
Travelers for the Future | SAS hållbarhet
Hos SAS har vi länge åtagit oss att minska vår negativa inverkan på milj...

👍❤️👎 385 30 kommentarer 46 delningar

Exhibit 3 SAS Twitter

SAS - Scandinavian Airlines @SAS · Jan 31

Starting tomorrow, February 1st, we will CO2 offset all our EuroBonus members' trips on SAS flights. This is one of our sustainability initiatives to reduce our environmental impact. Read more: bit.ly/Sustainability...

#flysas #TravelersForTheFuture #Sustainability #aviation

EUROBONUS MEMBERS ARE ONE SUSTAINABLE STEP AHEAD

TRAVELERS FOR THE FUTURE

🗨️ 4 🔄 29 ❤️ 71

Exhibit 4 SAS Instagram



Exhibit 5 SAS EuroBonus email

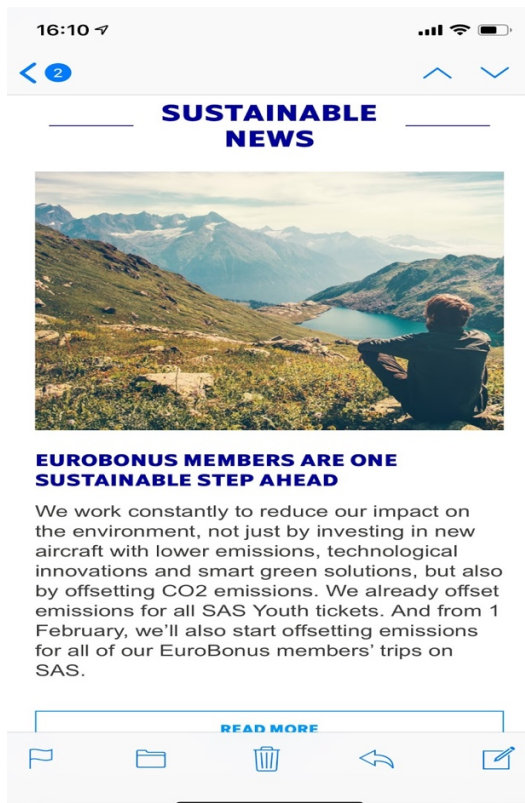
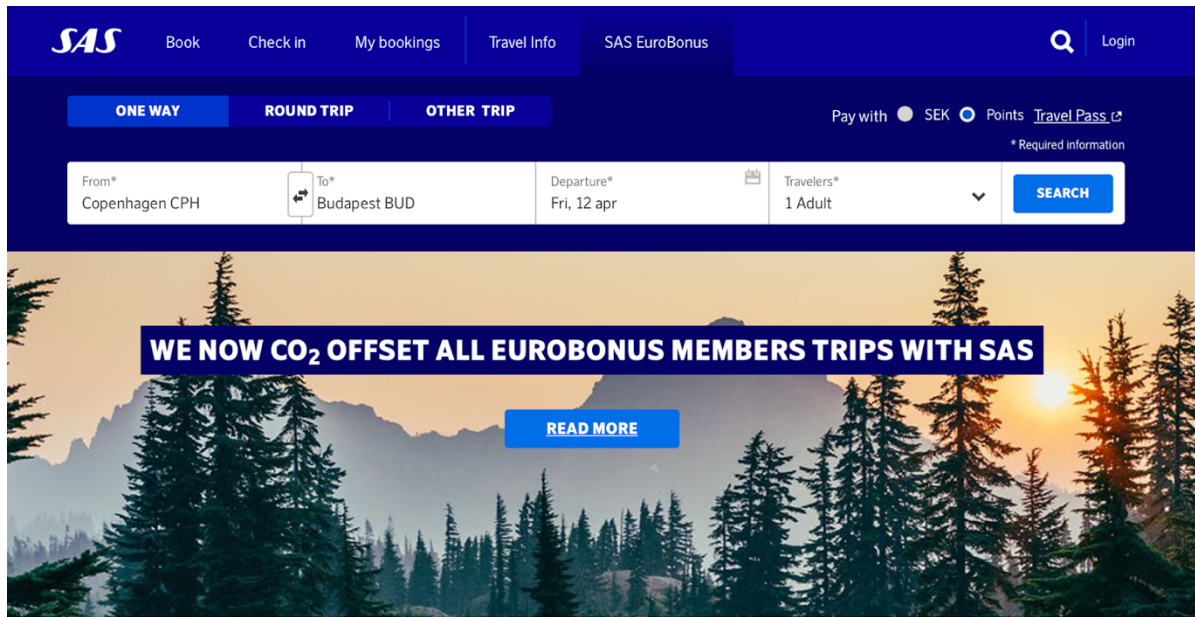


Exhibit 6 SAS website



DISCOVER THE WORLD WITH EUROBONUS

SAS EuroBonus gives you more of the world. And the more you fly, the greater the rewards you'll enjoy. Like benefits that make your travel better and points that take you to new destinations. Best of all: it's free. Not a member yet? [Join Eurobonus here.](#)

Exhibit 7 Public comments on the new initiative on Instagram

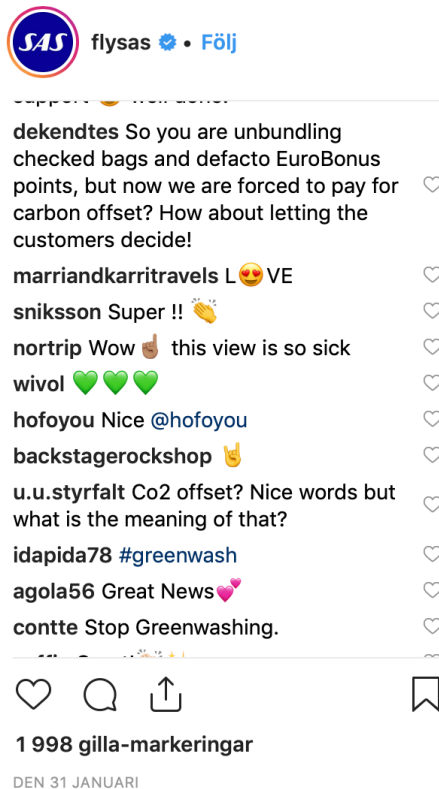


Exhibit 8 Public comments on the new initiative on Facebook

Amie Ringberg Vilket hyckleri! Greenwash! Flyg mer så klimatkompenserar vi delar av resorna. Vilseledande och aporkkat, skärpning!! Klimatkompensera alla flygresor, det bör vara obligatoriskt och ett högre pris på flygbiljetten inkl klimatkompensation kanske skulle minska vansinnesflygandet. Vi måste drastiskt minska våra utsläpp. Nu!

Like · Reply · 6w 19

1 Reply

Martin Hellström Det går aldrig att göra flyget hållbart. Vi måste ställa om vårt resande. Det här är vilseledande reklam och många har redan anmält dem till konsumentverket

Like · Reply · 6w 12

Malin Werner Fast Travelers for the future flyger väl inte? De åker tåg.

Like · Reply · 6w · Edited 42

Johanna Nilsson Hej, det allra bästa är väl att inte släppa ut något alls? Dvs att kompensera tar ju inte bort utsläppen, och det är väl ändå själva utsläppen som måste minska? Förklara gärna exakt hur ni tänker och hur detta kan vara hållbart?

Like · Reply · 6w 58

3 Replies

Damon Hatefi jag uppfattar denna kampanj som otroligt vilseledande. att marknadsföra ett medlemskap som påstår sig göra flygresor "hållbara" med formuleringar som "därför behöver vi göra flygresor mer hållbara genom att minska vår inverkan på klimatet" är ytterst märkligt, då vi sedan länge känner till flygets negativa inverkan på klimatet. hur har ni tänkt?

Like · Reply · 6w 57

Lisa Hernqvist Hyckleri!! Att få folk att tro att de kan fortsätta flyga med gott samvete om klimatkompensation sker, det är ungefär som att hävda att det är ok att fortsätta slå sina barn om man samtidigt skänker pengar till Rädda Barnen. Det dom krävs är att drastiskt minska flygandet så att dess bidrag till de skadliga klimatförändringarna minskar.

Like · Reply · 6w 55

4 Replies

Exhibit 9 Dagens Industri newspaper clip

Di OMXSPI 15.03 +0,27% (+13,301 år)
S&P500 14.62 +0,37% (+12,451 år)
Sveriges bästa finanssajt 2019
Lägg till instrument

DET ÄR ONT OM JORDKLOT - HARRY MARTINSON
ECOGA HÅLLBARA
Vår affärsidé handlar med naturen istället för en affärsmodell som är skadlig för miljön

SAS nya vapen mot flygskam

SAS lovar att klimatkompensera alla Eurobonus-medlemmars flygbiljetter. Åtgärden sänker dock inte utsläppen på flera miljoner ton årligen. Det dröjer flera decennier innan de kan elimineras, medger flygbolaget.

KIM LUNDIN
Publicerad: 01 februari 2019, 05:06

Exhibit 10 Newspaper clip concerning BRA's initiative taken from Expressen

Klimatkompenserar flygresor

BRA blir därmed det första och enda kommersiella flygbolag att klimatkompensera för alla utsläpp av växthusgaser som görs av bolaget.

– Vi har valt att inte krångla till det genom att till exempel enbart låta vissa resenärer dra nytta av koldioxidkompensationen. Hos oss blir nu alla flygresor koldioxidkompenserade, säger Anna Soltorp som är hållbarhetschef för BRA.

Flygbolaget SAS klimatkompenserar sedan 1 februari alla flygresor som görs av Eurobonusmedlemmar. Enligt SAS innebär det att cirka 40 procent av alla koldioxidutsläpp relaterade till passagerare kommer att kompenseras.

LÄS MER: SAS klimatkompenserar och satsar på vindkraft