

# Investing in Transformation During a Travel Depression

BY MIKE NELSON



*Mike Nelson joined arrivia in July 2020 as CEO. He is responsible for transformational growth and broadening the company's offerings with new products and enhanced digital capabilities. Prior to joining arrivia, he was at Allianz, one of the world's largest financial services companies, as the CEO of its multibillion-dollar global travel insurance business. Prior to Allianz, he was part of the management team that launched Orbitz. Nelson sits on the ARDA board of directors and is an ARDA Trustee VIP.*

It is amazing how much change has occurred in travel distribution over the last 20 years. In the early 2000s, online travel was still in its infancy, and social media usage was limited to amorous college students. Now, digital technologies and social media have transformed travel distribution (and social media is used by amorous people of all ages).

The pandemic has accelerated the pace of change, so the next decade will usher in even greater transformation for travel distribution. At the same time, many companies in our industry were forced to retrench during the pandemic. At *arrivia*, however, we accelerated investments in products and technology to ensure that our partners have access to the most advanced travel loyalty solution.

Taking the CEO role for a travel company in the early days of a pandemic is a sure path to insomnia. There was no “pandemic playbook,” and past recessions were a poor comparison to a pandemic-induced travel depression.

When I arrived, the company was taking a justifiably cautious approach to investments. Fortunately, our investors maintained a bullish long-term view of leisure travel, but they needed a compelling vision and the right team to execute it.

With that in mind, my initial focus was on recruiting product and technology leadership with deep experience in digital transformation. With that team in place, we implemented an aggressive plan to drive long-term growth for our partners.

## Instigating Change

As the world navigated its way through multiple lockdowns, our industry suffered revenue reductions I would not have thought possible. But I also felt that the recovery for leisure travel was just a shot (or two) away. With a new vision, seasoned leaders, and investors eager to look ahead,

our teams had the confidence and motivation to double down.

We mapped the customer journey to define the product features and technology needs that would most benefit our partners and their customers. We examined best practices from within our company, within the industry, and outside the industry. We put a heavy focus on user experience to drive engagement through product design, product features, and compelling marketing. We also made additional investments to educate members about their benefits and reinforce the value of our partners’ brands. Technology underpinned these investments, but our partners and their members were the focus, rather than the technology itself.

We understood the importance for our partners of building customer loyalty and new revenue streams given the challenges of the pandemic. Workforce reductions limited the ability of some of our partners to fully execute their loyalty plans. So we stepped in to help them with critical data intelligence and communication needed to engage their members. We quickly pivoted to promoting products that benefit from drive-to destinations and shorter stays. The combination of our large commercial ecosystem and multiple member groups also meant we could drive arrivals with highly targeted marketing.

After a year of hibernation, we are on the precipice of a travel recovery (or should I say, revenge travel?!). As the recovery progresses, travelers naturally will move from doing what is close and familiar to seeking new experiences. The companies that can offer both the familiar and the new will be best positioned to capture a greater share of wallet. We are focused on investing in products that help our partners achieve this objective with the most compelling travel and lifestyle loyalty solution. ■

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