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Orbitz gets spa day

Travel giant nearing deal with NYC's Spa Finder to give users access to network

BY MATTHEW FLAMM

ORBITZ COULD SOON BE adding spa treatments to its travel packages, thanks to publisher and marketer Spa Finder Inc.

The two companies are close to an agreement to give Orbitz's millions of users access to Spa Finder's vast network of day spas, according to company insiders with knowledge of the talks.

For Spa Finder, the deal would provide a chance for more than the hefty 25% revenue increase that the Manhattan-based company forecasts for 2007. It grossed \$30 million last year.

Attractive for both sides

PETER ELLIS, Spa Finder's chairman and chief executive, would not confirm that a deal was in the works but described the possibilities as attractive for both sides.

"This is a product no one else can offer, because no one else has the contacts and the distribution networks," he says.

The move would cap a period of expansion that began when Mr. Ellis took control of Spa Finder in 2001.

An Internet pioneer who launched automotive sales site Autobytel.com, Mr. Ellis has built what had been a small travel agency into the world's largest marketer of spas.

The company promotes more than 3,600 day spas and resorts

through SpaFinder.com, and it targets consumers and advertisers with *Luxury Spa Finder* magazine.

Gift certificates sold online and gift cards sold in thousands of retail locations in the U.S. are another revenue stream. And joint ventures in Japan and Europe that started up last year give spas access to a global market.

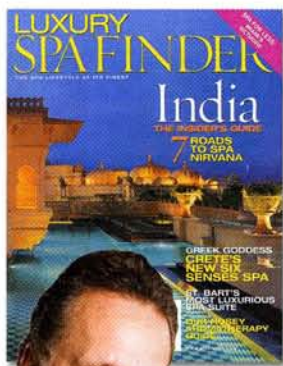
Mr. Ellis says that total revenues are 10 times what they were when he took over. The increase isn't surprising, considering that the spa business grew 70% from 2001 to 2006, to \$18.1 billion, according to the company.

The deal with Orbitz could bring Spa Finder to a whole new level. The online travel service attracted 13 million unique visitors in January, according to comScore Media Metrix. SpaFinder.com had 290,000 visitors.

"The amount of exposure and brand endorsement Spa Finder would get from Orbitz would be extremely valuable," says Diane Clarkson, travel industry analyst for JupiterResearch.

A spokesman for Orbitz would not comment.

If the deal goes through, Or-



CEO PETER ELLIS (below) says a deal could have appeal for both companies.

bitz could add day spa listings to its travel packages and Destinations and Interests section within the next six weeks.

Users clicking on the "spa" tab would see a range of offerings, from hot-stone massages to hydration body rubs, and could buy a voucher for a treatment. Orbitz and Spa Finder would each get a percentage of the sale.

Though travelers would initially have to contact the location to schedule an appointment, Orbitz is expected to roll out another Spa Finder feature late this year that would let them book treatments

online as well.

That service, to be called Spa Bookers, could also find its way to other Web travel agencies. "We could hang that platform on a variety of sites," an insider says.

Spa Finder would still have to prove that significant numbers of Orbitz users are interested in booking treatments, as most day spa clients are local residents, the source says.

The programs would launch with a limited number of facilities as the models are tested.

Increasing competition

THE NEW SERVICES make sense for online travel agencies, which face increasing competition from airline and hotel sites.

"Online agencies want to differentiate themselves with higher-spending audiences," says Stephen Foster, director of competitive research at Keynote Systems, which tracks online businesses.

"You're going to drop a lot more bucks at a spa than you would at a Motel 6," Mr. Foster says.

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