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Keith Olson, left, and Daren Cotter are making big plans for CotterWeb Enterprises in 2008, including adding 14 employees.

‘Sticky’ Web business thriving

BY KATHARINE GRAYSON
STAFF WRITER

When Daren Cotter was 15 years old, he was given a choice between two birthday gifts: a car or a computer.

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Company: **CotterWeb Enterprises Inc.**
CEO: **Daren Cotter**
Employees: **26**
Business: **Online loyalty marketing**
Revenue: **\$6.9 million**
Founded: **2006**
Web: **www.cotterweb.net**

His ultimate choice — the computer — is in part what Cotter said inspired him to launch CotterWeb

CotterWeb finds fast growth in online loyalty marketing

Enterprises, a firm that develops online loyalty marketing programs by paying consumers to shop online, test products, play games and perform other tasks.

Cotter began programming software in college while studying at Minnesota State University in Mankato. At the same time,

he developed an interest in Internet advertising. The idea underpinnings for the company ultimately came to him in his dorm room.

“I have two core passions: entrepreneurship and technology,” he said. “I started pulling those passions together.”

Shortly thereafter, CotterWeb Enterprises launched its flagship service, InBox Dollars.

The Mendota Heights company’s biggest strategic advantage is its ability to offer consumers who participate in its programs cash. Most other similar services offer in-

tangible points that can be redeemed later, he said. CotterWeb may pay participants amounts ranging from less than a dollar to as much as \$40, depending on the client.

“Cash is really important. Our members know exactly what they’re getting for their participation. That’s not the case with the point-space program,” Cotter said.

Also, InBox Dollars doesn’t force participants to answer market-research-related questions they don’t want to, said Keith Olson, the firm’s director of corporate strategy. “We essentially reward them to share, but give them the option as to what extent they choose to do so.”

Olson left a corporate job at Morgan Stanley to join CotterWeb, saying he was intrigued by the concept behind the company.

In addition to InBox Dollars, CotterWeb also runs a similar service, SendEarnings.com, which was started by a firm that CotterWeb went on to acquire. Seventy percent of the people who participate in its programs are women.

So far, CotterWeb’s strategy has paid off. The company’s revenue reached \$6.9 million last year. It expects that number to climb to \$12 million in 2008. CotterWeb collects revenue from advertisers and customers who are seeking to collect market-research data. The company’s customers usually only pay the firm for its services if they’re happy with consumers’ response and the information collected, Olson and Cotter said.

CotterWeb doesn’t name its customers, but said its clients are focused on a wide

range of “consumer-facing” products and services, from videogames to insurance. The company now has more than 4 million people signed up to use its site.

While CotterWeb has grown quickly in the past year, it’s also making big plans for 2008. The company is expecting to grow to 40 employees, up from 26 today. Some of the new hires will go toward boosting the firm’s sales and marketing efforts. The firm’s biggest challenge, Cotter said, will be continuing to keep the company on a growth track.

kgrayson@bizjournals.com | (612) 288-2106