

MINNEAPOLIS ST. PAUL BUSINESS JOURNAL

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Celebrating 25 years

CotterWeb Enterprises Inc.

10

GROWTH RATE
173.14%

2005 REVENUE \$4,534,971
2006 REVENUE \$6,861,534
2007 REVENUE \$12,386,634

MINNEAPOLIS ST. PAUL
BUSINESS JOURNAL
EAST 50
Fastest-growing Private Companies

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BY LIZ RIGGS
STAFF WRITER

The physical expansion of CotterWeb Enterprises Inc., from a hobby business launched in a college dorm room eight years ago to a company that now leases more than 10,000 square feet of office space, is the first indication the Mendota Heights-based online loyalty marketing firm is experiencing rapid growth.

Daren Cotter, 27, founder and CEO of CotterWeb, said he's had an entrepreneurial drive from a young age, but that it was his passion for technology that eventually led him to form the business that last year generated almost \$12.4 million in revenue.

As a freshman at Minnesota State University, Mankato, Cotter participated in online market-

ing activities where consumers, like himself, were paid to visit advertisers' Web pages, play games online or take surveys. It was through his exposure to performance-based online marketing as a consumer that Cotter came to the conclusion he could build a better system, one that delivered for advertisers and also provided more transparency for consumers by rewarding them in actual dollars, not with a points-based system or a pseudo-currency that left them confused about how much they would actually be paid.

And so began CotterWeb, today the parent company of two successful loyalty marketing

sites, InboxDollars.com and SendEarnings.com.

CotterWeb has two customer groups, advertisers and consumer members. Advertiser clients can choose from two pricing models:

Firm targets advertisers, consumers

a pay-per-click model, in which CotterWeb's consumer members are paid a certain amount every time they view an online promotion, or a pay-per-action model, in which a consumer has to engage in an activity, such as playing a game or making

a purchase, to get paid. CotterWeb's consumer members — numbering about 5.5 million — are divided into roughly 100 demographic

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COMPANY INFO

Founder and CEO:
Daren Cotter
Business: Operator of two consumer online loyalty sites, InboxDollars.com and SendEarnings.com
Headquarters:
Mendota Heights
Year founded: 2000
Employees: 30
Web: cotterweb.net



CEO Daren Cotter looks forward to future growth of CotterWeb Enterprises.

NANCY KUEHN | MINNEAPOLIS/ST. PAUL BUSINESS JOURNAL

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groups so advertisers can reach only those audiences they desire.

That method of exposure to certain demographic profiles can be valuable to advertisers, said David Hopkins, managing director of the Brand Enterprise consultancy at the University of Minnesota's Carlson School of Management.

Test-marketing is one application where the performance-based advertising model probably works well for advertisers, though there are others, he added.

Six months from college graduation, Cotter said he had to make a decision about whether

to start looking for jobs or pursue the business he had built with essentially no investment capital as a career. He chose the latter and it was then that he started reinvesting his profits back into the business to grow a consumer-member base through advertising.

Cotter said he attributes much of CotterWeb's success since then to creating a comprehensive strategic plan, a process that came together at the end of 2006 with the help of all the company's employees. The plan was executed in 2007 — the year CotterWeb experienced its largest growth to date.

Cotter also is confident that the firm has a business model that works in tough economic

times, as well as stable ones. As advertisers look to squeeze their marketing dollars, Cotter said performance-based advertising can be more appealing because it's more results-based than some other forms of advertising. Meanwhile, CotterWeb's other customers, the consumers, will be rewarded with a little extra cash for doing something they're probably already doing — looking at ads online.

"We think there's a substantial amount of growth potential in the business model," Cotter said.

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