

## Paying consumers to look at ads clicks for online marketing firm

● A young entrepreneur brings in millions and describes fun as a “core value” at Mendota Heights-based CotterWeb Enterprises.

**SMALL BUSINESS**  
DICK YOUNGBLOOD

Daren Cotter gives new meaning to the concept of “precocious.”

I mean, he was in second grade, for crying out loud, when he launched his entrepreneurial career by buying candy, and later a variety of fad items, in bulk at Sam's Club and reselling them to classmates on the school bus and playground.

Cotter moved up a step in high school, where he fell in love with computers, taught himself to program and grossed about \$10,000 selling educational games, metric converters and password protectors online.

But he hit his stride the summer after his freshman year at Minnesota State University, Mankato.

That's when he started CotterWeb Enterprises, an online marketing company that pays consumers to respond to advertising offered by the clients he recruits.

By the time he graduated with a degree in computer science in 2004, he was grossing a tidy \$2 million working out of his apartment near the campus. And three years later, the Mendota Heights-based company ended 2007 with an even tidier, positively shipshape \$12.4 million in revenue.

Here's the part that's enough to give a green-eyed geezer a serious case of dyspepsia: Cotter, the company's CEO and top technological wizard, just turned 27. (Sigh!)

All of which is not to say the kid has his head buried in his business plan.

“Fun is a core value here,” Cotter said, which explains why a sizable chunk of the company's new 10,000-square-foot headquarters is devoted to a game room furnished with ping-pong and foosball tables, a Nintendo Wii gaming console and a three-hole putting green.

“But we still get a lot of work done,” said Cotter, a native of Princeton, Minn.

Obviously: The company was operating from Cotter's home with just four part-time employees until mid-2006 and grew out of

its first, 4,000-square-foot office in just 18 months. It ended 2007 with 23 employees, hoisted that total to 30 before the end of March and expects to have 40 in place by the end of the year.

What's all the fuss about? It's a concept where consumers are recruited to participate in online rewards programs that pay them when they respond to client advertisements for products and services, research studies or trials and pay-for-play skills games.

CotterWeb offers two pricing models to the 100 advertisers it has recruited so far. One is a pay-per-action approach whereby the company and its consumer members are paid when a purchase is made, a survey completed or a game played.

This approach carries the highest price tag because it's CotterWeb that is absorbing the risk that a member actually will act on an advertiser's promotion. Under this model, consumers typically are paid \$1 to \$15 for responding to a survey or engaging a service and up to \$35 or \$40 for a fairly expensive product.

The second model is the pay-per-click approach: The advertiser pays a much smaller amount whenever a CotterWeb member clicks into its website to view a new promotion. The lower tab — ranging from 1 to 10 cents for a CotterWeb member — reflects the fact that the advertiser is accepting the risk and betting that a significant number of the clicks will produce a sale or other desired action.

In either case, the responses can add up to serious dollars: CotterWeb can offer advertisers upwards of 1.2 million active members (those who have participated within the past six months), or it can provide a smaller, targeted list based on member interests and preferences.

The company solicits advertisers using three internal sales people and three outside sales consultants. Consumer members are recruited with advertising on other consumer-oriented websites and bonuses for referrals by existing members.



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Daren Cotter, founder of CotterWeb Enterprises, has a three-hole putting green in his company's office.

CotterWeb operates two separate websites, the result of the 2005 acquisition of a Florida competitor. The reason: The websites on which CotterWeb advertises, and which refer prospective members, prefer one or the other of the company's websites. The two are [www.inboxdollars.com](http://www.inboxdollars.com), Cotter's original website, and [www.sendearnings.com](http://www.sendearnings.com).

As if all this isn't enough to trigger envious indigestion, I have one more piece of disturbing news: Despite the rapid growth of his business during his college days, Cotter graduated magna cum laude with a 3.57 grade-point average.

But at least it took him five years to do it.

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