

# ECOMMERCE GENOME

Deciphering the DNA of  
Successful Online Stores



WITH EXCLUSIVE DATA FROM  
**COMPASS**

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## Frogs & Turtles

Josh Willard's success story begins, as perhaps all great success stories should, with his childhood.

"I grew up catching frogs and turtles from a swamp near my house," he told me. "And my mother was kind enough to let me keep them around and return them the next day."

Collecting interesting creatures grew into an adult hobby. But as he began collecting more of these exotic pets, he needed to find a way to support it. Caring for exotic pets, he found — feeding them, housing them and cleaning up after them — demands substantial financial investment.

Josh bought supplies in bulk and sold the rest to friends or to people he met online who "did the same kind of stuff." Eventually he launched an online store and today [Josh's Frogs](#) is a seven-figure business selling exotic pets and related products, such as food, cages, and other supplies.



I came out of my conversation with Josh with the impression that each piece of his business had fallen perfectly into place, in a sort of Taoist effortless action. Every step he took, from starting a blog, to selling leftovers, launching and growing his store, was a natural progression from the step before.

For example, this is how Josh described the moment he decided to turn his side business of selling leftovers into a full-time job: “At one point I thought, ‘Hey, I’m gonna make a go at this.’ I had seen some significant growth in what I was doing, so it wasn’t so much of a turning point, but a point of increase, you know? A decision that was already made for me when I arrived at it.”

Josh’s Frogs success story illustrates a pattern that has come up time and time again in our research. Most entrepreneurs report slow and difficult progress getting traction and sales. But a few, such as the case for Josh’s Frogs, seem to waltz through their entrepreneurship journey. And we think we know why.

According to [our findings](#), successful companies go through four key development stages: Discovery, Validation, Efficiency and Scale. Skip any one of these steps, and your new online business will have troubles growing revenue and profits.

The Discovery phase is the most frequently overlooked step among starting entrepreneurs, eager to get up and running. During the Discovery phase, you immerse yourself in your target

market, learning as much as possible about them. Who are they? What are their needs, desires and pain points? Where do they hang out, what types of people are they? How do they communicate? Do they even have the problem you're trying to solve with your product? How are they solving this problem now? How can you best reach them?

Discovering answers to these questions can be daunting, but Josh had an unfair advantage: he had been a part of his niche market all his life. He didn't have a business idea and then went on to learn more about its market, as most entrepreneurs do. For him, it was the other way around. The market, in essence, "pulled" his business into existence, presenting itself as an opportunity as his online sales of leftover products grew. And that made things much easier.

Josh went through a deep Discovery process upfront, while most companies do no proper research before investing in marketing. They are forced to learn about their target market while finding a suitable marketing strategy and building all the other parts of their businesses at the same time.

You should come out of the Discovery phase with strong hypotheses for what products you are going to sell, the target market for them and the marketing channel you are going to use.

During the Validation phase, you'll put your hypotheses to the test. That's what Josh did when he was buying products in bulk and selling the leftovers in online forums. He may not have known it, but he was testing to see if the target market he envisioned was interested in buying the products he was offering.

The most important milestones for a young business to validate are: knowing what products people want to buy (having a Product/Market Fit), and figuring out a way to attract customers in an efficient, scalable and profitable way (having a Product/Channel Fit). Most businesses struggle with one or the other (or both), but Josh had them both figured out before he even had a company, which gave him a significant advantage.

By selling leftovers, Josh was testing both his product and marketing channel hypotheses. He landed on a marketing strategy that can be classified as “Community Building,” the work of

connecting people around a passionate subject. You've know the kinds of companies who are great at building strong communities in order to grow sales. They're brands like Harley Davidson, Vans and Lego.

Not all products or niche markets are suitable for this type of marketing strategy, of course. But the market of exotic pet enthusiasts is a small and active niche, both good signs that the community channel would work well with them.

Blogging was the pillar of Josh's Frogs' growth. His blog grew organically over time. It became popular even before he came up with the idea of opening an online store. So when Josh's Frogs was launched, they had four years of evergreen content already attracting thousands of visitors a month.

"It does take a while [for the content] to gain full traction but I think every year it gets it a little bit sooner and that's why we are moving along. We have more and more people engaged in our content every month because we have a track record of creating good content for the last 14 years. The content bar is definitely the long game," he said.

According to [our data](#), distributing content through SEO is a long game indeed. It typically takes at least three years for a blog to start attracting a significant number of visitors from Google and other search engines. It's a strategy that requires long-term thinking. Josh explains:

“We may write a blog article that's not going to make a lot of money by next week or the next month but it will continue to trickle in money for years. In our case even longer than a decade. On social media, when a post goes viral, and we've had a couple of those, it might get tens of thousands of views or even close to one hundred thousand per month for us, but it's gone in about ten days. So all the work we put in to get content on social media, it has a very, very short shelf life and doesn't last very long.”

## **Key takeaways**

When Josh mentions that there was a point at which he knew it was time to take the next step and make this side hustle a full-time job, he means that he had just validated the two most important hypotheses for a young business: Product/Market Fit



and Product/Channel Fit. He didn't use those terms and probably wasn't as systematic as I'm making it sound here, but the steps he took were the same, and they are important.

There are, of course, many other aspects to running an online store, from inventory and logistics to financials, people management and conversion optimization that require a tremendous amount of work and knowledge to manage. But our research shows that the most critical moments in a young company's path to success is securing Product/Market Fit first and discovering an efficient marketing channel shortly thereafter.

If you're not as lucky as Josh—falling into a promising niche market—it's important that you take the time to immerse yourself into your customer's world. The story of Josh's Frogs illustrates the importance of the Discovery phase. An entrepreneur who are just starting out should invest in marketing only once they have thoroughly understood her target niche market's shopping behavior, and used that knowledge to validate her hypotheses. Only once those hypotheses have been confirmed, she can safely move on to scaling her business.