



10 Things Amazon Doesn't Tell Authors About Amazon Ads

by Rob Eagar

Amazon ads have single-handedly transformed the publishing industry. Top publishers spend millions of dollars on ads to promote their books. Successful indie authors spend thousands of dollars on ads to drive their writing career.

But, how do you make Amazon ads work, especially when Jeff Bezos and his executives keep their company secrets so close to the vest?

I've run Amazon ads for several years and learned how to make money from a campaign. Plus, I work with multiple clients who spend \$2,000 - \$5,000 per month on Amazon ads. Based on my personal experience along with data from expert-level advertisers, here are 10 things you need to know about Amazon ads...

that Amazon doesn't tell authors.

1. It's hard to turn a profit when advertising only one book

Are you planning to advertise one book on Amazon and hoping to do it profitably? Good luck, because Amazon won't tell you that goal is nearly impossible. Instead, they'll let you lose money and come to that disheartening conclusion on your own.

Why is it difficult to turn a profit when advertising an individual book? The typical royalty that authors receive is \$1.00 - \$4.00, which is too low to withstand the ad cost.

Experienced authors who buy Amazon ads usually need around 10 clicks to produce 1 book sale. If the average click costs between \$.50 - \$1.00, then the ad expense to sell one book can run \$5.00 - \$10.00. Compare that expense to the author royalty rate, and you can see why it's so difficult to turn a profit. The math doesn't make sense.

So, what's the secret to running profitable Amazon ads? There are two key ways to turn Amazon ads into a money-making endeavor:

- Write books in a series
- Capitalize on KU page read income

If you write a book series with three or more titles, then you can afford to "lose money" advertising Book 1, because you can turn a profit as happy readers go on to buy Book 2, Book 3, and so forth. You only pay to promote Book 1, but sales from multiple books across your series help generate a profit at the end of the day.

Another option is to enroll your e-book in Kindle Select and sell it exclusively on Amazon. This approach prevents you from selling that title at other retailers, such as B&N, Apple, Google, and Kobo. In return, though, Amazon will pay you additional income of \$.004 - \$.005 per each page read of your e-book. If you have a 300-page e-book, then Amazon will pay around \$1.35. If you get a lot of e-book downloads, this "page read income" can add up and significantly increase your profits.

But, there's another little secret Amazon won't tell you. Focusing on profit can actually work against you, which leads to my next point...

2. Your strategy will make or break your success

Amazon provides authors with very little education about how to use their advertising platform. They expect authors to figure out everything for themselves. This reality means it's the author's responsibility to develop their own strategy. And, strategy can vary widely from author to author. In addition, there is no perfect strategy where you can turn a huge profit by only spending a little bit of money. Risk is always involved when you advertise.

For example, if you're launching a new book, you might decide to lose some money in order to maximize the initial exposure. In contrast, if your books are already published and considered backlist, then turning a small profit might be your primary aim. Also, if you write books in a long series, your strategy will be different from an author who writes every book as a standalone title.

I cannot stress this point enough – you must determine your own strategy BEFORE you start buying Amazon ads. Otherwise, you will waste a lot of money and never get it back. In addition, your strategy must evolve as new books become backlist titles. It's a constant process. Therefore, don't copy other authors or seek cookie-cutter advice. Embrace a strategy that fits your individual budget and goals.

3. Bid prices have increased dramatically

Here's something else that Amazon won't tell you. Thousands of indie authors have started using the ads platform. As a result, bid prices have dramatically increased. In the early days of Amazon ads, authors could get clicks for less than \$.50. But, with all of the new competition, winning bid prices for many keywords have jumped up to \$.75 - \$2.00. As more authors buy Amazon ads, bid prices will continue to escalate. There is nothing you can do to change this reality.

However, you can offset higher bid prices by improving your ad conversion rate, such as writing a better blurb, upgrading your cover art, and securing more 5-star customer reviews. Taking these steps can help your ads weather the increased bid prices that will surely continue to rise.

4. Suggested bids factor in non-book products

Speaking of bid prices, Amazon confuses many authors by displaying a "Suggested Bid Price" when creating a new ad or selecting a new keyword. But, you should disregard their recommendation, because it reflects a suggested bid range for products outside of books.

For example, if you choose the keyword phrase, "Lord of the Rings," as a target for an Amazon ad about your fantasy sci-fi novel, keep in mind that Amazon is factoring in other related products across their entire store, such as "Lord of the Rings costumes" or "Lord of the Rings action figures." That's why Amazon's suggested bids don't accurately reflect the correct bid environment for your book. Instead, run some ads at a few different price levels to find the right balance. The data that you get back will identify the right bidding "sweet spot."

5. Negative keywords are just as important as good keywords

Let's stay on the topic of keywords. Most authors think that successful advertising hinges upon discovering high-performing keywords. That goal is correct. But, Amazon doesn't tell authors that there will always be more poor-performing keywords than high-performers. And, the poor-performing keywords cost you money.

Fortunately, you can identify poor-performing keywords and insert them into the "Negative Keyword" section of your Amazon ads. This technique is a big secret to turning a profit. Every month, I comb through my advertising reports to spot keywords that are wasting money and turn them into negative keywords.

If you never weed out bad keywords, you'll never make money from your ad campaigns. Thus, you should identify and utilize negative keywords just as much as you identify and employ high-performing keywords. Both types work together to make your ads become more successful over time.

6. ACOS is inaccurate and doesn't reflect true profit

Many authors who are new to Amazon ads get tripped up by a performance metric called "ACOS," which means "Advertising Cost of Sales." It's reflected as a percentage, such as 35% or 135%. The number is derived by calculating your Ad Spend divided by the resulting Book Sales. For example, if you spend \$30 on an ad and it generates \$60 in sales, then the ACOS is 50%. The lower the ACOS the better, and the break-even point is considered an ACOS of 100%.

However, Amazon never mentions that this metric leaves out a very important detail. It only reflects gross sales, rather than net sales. In order to accurately identify profit, you must subtract the amount that Amazon takes for selling your book on their website. That expense can be 30% - 65% based on the price you set for your book. For example, if your e-book costs \$4.99 and Amazon gives a 70% royalty, then your net profit is \$3.49. Meanwhile, Amazon keeps their 30% share, which is \$1.50. However, Amazon's ad platform does not include this fee in their ACOS data.

Therefore, when you look at your ACOS, you must subtract an extra 30% in order to reflect an accurate level of profit or loss. So, a break-even ACOS would be 70%, instead of 100%. You must do this math on your own when parsing the data.

7. Target competitive ASINs along with keyword phrases

Here's a counterintuitive fact. Did you know that most book sales from Amazon ads don't occur when shoppers search on a specific keyword term, such as "beach reads" or "how to buy stocks"? Instead, most sales from Amazon ads occur as shoppers view a book detail page, but decide to buy a different book they see displayed in the carousel that says, "Sponsored Products related to this item." Yet, Amazon doesn't publicize this distinction.

Thus, when authors first learn how to create Amazon ads, they tend to hyper-focus on identifying the right keyword phrases, such as "regency fiction," or "leadership skills." Finding the right keywords is a key to success. But, it's not the only key.

There is another way to identify excellent targets for Amazon ads. Create targets based on the book detail pages of your top competition. You can save yourself a lot of time by identifying the ASIN's (Amazon Standard Identification Number) for the bestselling

books in your sub-genre. Then, use those titles as product targets for your ads. This approach involves less guesswork than trying to figure out which specific search phrases Amazon shoppers might use when browsing.

8. Amazon will kill ads that aren't relevant

Have you ever set up an Amazon ad that never got going or stopped running after just a few days? I've faced this problem and it's aggravating. What causes the issue? In many cases, Amazon determined your ad wasn't relevant to the target keywords you selected.

In other words, Amazon doesn't want irrelevant ads appearing all over their website. Otherwise, their customers will get frustrated and stop browsing for books. So, if your ad isn't properly targeted, Amazon will stop showing it to readers.

Your ads can avoid this fate by maximizing their relevance. Relevance is reflected by the CTR or "click through rate." CTR is determined by the number of clicks divided by the number of impressions. One impression reflects each time your ad is served to an Amazon shopper. As more people click on your ad, your CTR will increase, which means your ad is relevant to the shoppers who saw it. Amazon's algorithms notice this behavior and adjust accordingly.

A decent CTR usually starts around 0.5%, which is 1 click every 200 impressions. Above average ads can hit a CTR of 1% and beyond, which means they are even better-suited to the target audience. The more relevant your ad, the more Amazon will show that ad to shoppers, which will increase your book's visibility. Thus, relevance is one of the hidden keys to successful advertising.

9. Effective ads drive more book sales than you think

As Amazon ads help sell more copies of your book, did you know another positive action occurs? Your book's Amazon sales ranking will start to get better. And, if your book's ranking substantially improves, several other benefits will kick into gear.

Many authors aren't aware of the extra steps that Amazon will take to sell books. For instance, their system employs curated recommendation features for shoppers to see, such as the "Also-Bought" carousel. In addition, Amazon sends out millions of emails each day with targeted book suggestions to avid readers. If your book gets featured by these recommendation tools, then you can receive a lot of extra book sales for free.

Running successful Amazon ads is a great way to boost your direct sales. But, you also increase the opportunity for more indirect sales by engaging Amazon's

recommendation features. When you get the entire system working together, you can create a multiplier effect whereby $1 + 1 = 3$.

10. Amazon wants you to succeed

Amazon is a tight-lipped organization, and they take a lot of flack for being secretive about their business operations. But, their behavior doesn't mean they're against writers or anti-author.

To the contrary, Amazon wants you to succeed, especially when you buy Amazon ads. You share the same goal, which is to sell more books. When your sales go up, so does Amazon's revenue, and you both make more money together.

However, Amazon doesn't publicize much information about buying ads, because they want to preserve the integrity of their platform. If Amazon openly shared their secrets, too many nefarious individuals would try to game the system, which would hurt all authors.

Amazon's silence is meant to keep things fair for everyone. So, don't view them as the enemy. View Amazon ads as a tool that you can harness for mutual success.

Jeff Bezos wants you to sell more books. In addition, I'd like to see you sell more books, which is why I put together this special report.

Are you an experienced author chomping at the bit to increase your sales? Are you a new author who feels intimidated by the world of Amazon? Use the 10 secret tips that I just provided.

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Michael P.

"Mastering Amazon for Authors made the overwhelming idea of self-publishing on Amazon become an accessible and exciting reality! Rob's module on advertising was phenomenal. I can't believe my math-resistant mind could grasp the some of the concepts, but he made it easy."

Henriette M.

"Mastering Amazon for Authors is a wonderful course. It contains a wealth of information, which saved me time, thereby allowing me more time to write."

Ron O.

"The Mastering Amazon for Authors course was fantastic. I learned a lot from the videos and live demos of Amazon's marketing tools. The ability to ask Rob questions also added value."

Lillian K.

"I recently completed Mastering Amazon for Authors. As a first time novelist, I was surprised to discover that marketing was a skillset as important to my success as good writing. Not having any idea where to start, I learned many valuable skills from Rob's video course. I have a lot more confidence now when it comes to marketing!"

Maggie F.

"Mastering Amazon for Authors was highly relevant. Thank you, Rob, for answering all my questions."

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Ann O.

"Learning how to create Amazon ads presents a unique opportunity to promote your books for minimal cost. I believe every author should use them."

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About the Author

Rob Eagar is one of the most accomplished book marketing experts in America. He's personally coached over 800 authors, consulted with top publishing houses, and helped both fiction and nonfiction books hit *The New York Times* bestseller. He even helped a book become a *New York Times* bestseller after 23 years in print!



Rob has worked with numerous bestselling authors, including Dr. Gary Chapman, Dr. Harville Hendrix, Lysa TerKeurst, Wanda Brunstetter, Nir Eyal, and Dr. John Townsend.

In addition, Rob specializes in helping indie authors turn their dreams of writing into a viable full-time career. He's one of the original self-publishing success stories who turned his first book into a six-figure business.

For more information about Rob's consulting services, courses, and products, visit:

<http://www.RobEagar.com>