

## ADS BEST PRACTICES and STEP-BY-STEP PROCESSES v7.2

This is a reference guide for testing processes and best practices when creating ads. Navigate to the relevant section for the information you need when setting up or analyzing your ads. Alternatively, if you want to review how everything fits together, it can be used as an 80/20 refresher that can be read front-to-back in under an hour.

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## HOW TO USE ANY AD PLATFORM EFFECTIVELY

Using any ad platform effectively, whether it's one of the three covered within this document or something else entirely, boils down to five key items:

1. Learn one platform well, then diversify to another. Expect this to take six months to a year of consistent testing and effort. This seems like forever / too long, but in a 30 or 40 year career it's nothing. You will get 10x the results being able to wield one effectively than being mediocre at all three. Further, you will make 10x faster progress by channeling your efforts toward understanding and mastering a single platform at a time. Then apply the principles you've learned to another platform to diversify, as being overly reliant on any one platform leads you vulnerable to rising costs, changes, and other risks outside your control. This "focus on one" idea also applies when you're an intermediate / advanced level advertiser looking to level up on a platform you already know well. A three to six month deep dive at this point can propel your skills massively forward.
2. Establishing a testing / ads management schedule that you can adhere to.
  - a. **For backlog, I recommend having a set ads day.** This is where you create new ads, analyze performance, turn poor performers off, etc. You'll still pop in every day to check on the ads / track (if tracking daily) but you're not typically making changes on other days unless something has gone horribly awry. This approach both reduces your workload / stress, makes sure the ads management doesn't interfere with writing output, and also allows you to actually gather enough data to analyze test results, ad performance, and profitability.
    - i. **One day** (\$5 - \$300/day): Monday is the simplest candidate since it's the start of a new week, making it easy to remember. Making adjustments on Mondays also makes it straightforward to compare performance v. last week and chart a course for the upcoming one. But any day is fine here; the key is **consistent adherence**. If you miss a day, don't worry. Just come back a few days after or the next week.
    - ii. **Two days** (\$300+/day daily budget): Monday / Thursday (or another combination of days that are 4 days apart) often works better than a single day of management per week when running higher budgets, as you can test more frequently / make more adjustments since you have more data coming in.
    - iii. This is not rigid. You can have multiple ads days at lower budgets, have more ads days than two (outside of the Amazon Ads, which take time to simmer, so overly frequent changes will be disastrous), or make tweaks outside your set ad day(s).
    - iv. However, be cautious of overcommitting. Consistently showing up yields far better results than unattainable perfection. Tracking your numbers and consistently testing / refining once a week over six months (e.g., 26 times) can produce incredible gains in both skill and performance *if* you adhere to that schedule.

- b. **For launches and promos**, you'll be actively managing the ads every day or almost every day during the primary ads push (generally 5 – 7 days, but can be longer). Frequency here depends on your strategy and budget (higher budget means you'll probably be making changes and / or running new tests daily).
3. Using best practices for the technical setup (contained within this document). Can adjust these as you learn more from your own data to deploy different strategies and settings.
4. Identifying which element or elements are the main testing leverage points to lower CPC and / or increase conversion on a given ad platform. Other elements can often still be worth testing or impact performance, but these should be your primary focus.
  - a. **Facebook**: the main testing leverage point is the creative.
  - b. **BookBub**: the main testing leverage point is the audience, with the creative second.
  - c. **Amazon Ads**: the main testing leverage point is the search terms (keywords or ASINs).
5. Learning how to track + analyze what the sales, page read, and profit numbers are telling you about the ads' performance.
  - a. **Track your net profit daily or weekly**. Can also track sales, page reads, ad clicks, and other metrics to help analyze the ads' performance and assess why profitability is rising / falling (and potentially project whether profit will rise or fall in the future), but actual net profit is the most important.
  - b. **Log your winning copy, headlines / taglines, audiences, and keywords / ASINs** (depending on platform) with their key stats in a spreadsheet so that you can spot patterns between what's worked and have a reference file of your best stuff to use for future ads.
  - c. **Maintain a swipe file** (folder on your computer) with screenshots of your best performing ads and key metrics in the file name (CPC, CTR, amount spent) for easy reference.

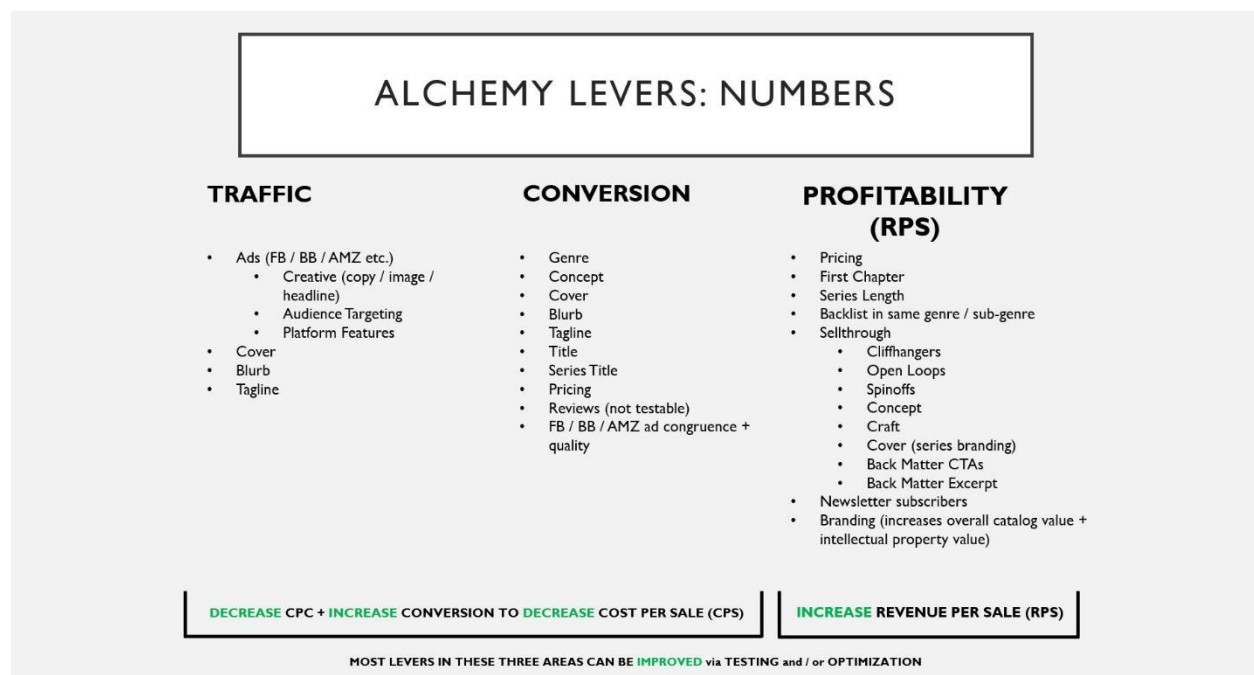
## THE INTERNET MARKETING FORMULA

The **INTERNET MARKETING FORMULA** is the core of selling anything online, from dog food to shoes to books. It's a simple three step process; I've adapted it below for book marketing:

1. Generate **traffic** to your Amazon page (e.g., via a Facebook Ad, through an Instagram post, via a cross promo etc.)
2. **Convert** this traffic into paying or borrowing readers via an on-genre cover and title, compelling blurb, attractive price, and solid reviews.
3. Analyze whether you performed these two steps **profitably** and then iterate on your traffic and conversion elements to make your books profitable (or more profitable). Alternatively, you may determine that a particular series is not a good candidate to actively advertise; most series fall into this category. You can also increase your series' and catalog's **overall profitability** by improving sellthrough, writing longer series, generating newsletter subscribers, and writing more books in the same sub-genre or world to encourage cross-sellthrough.

I refer to testing to improve your books' performance as alchemy. Ads are a game with simple rules when approached with this framework. You're trying to decrease your cost per sale (CPS) by decreasing your CPC and / or increasing conversion. And you're trying to increase your overall revenue per sale (RPS) to increase the amount you make for every copy of a book you sell.

The following image lists the items that affect traffic, conversion, and profitability. Note that certain items pull multiple levers—since your cover is often used in the ads, for example, it will not only impact your conversion rate on Amazon, but your traffic costs (CPC) as well.



## KEY METRIC GLOSSARY & CALCULATIONS

Your **NORTH STAR** is **net profit**, which is **royalties – ad spend = net profit**. If you ignore *everything* else tracking-wise, you still need to track net profit on a **weekly, monthly, and yearly basis**. Money in your actual pocket is the point of running ads, after all.

Tracking **daily** is helpful, but demands more time. Be careful of day-to-day variance here: there are natural fluctuations in sales, page reads, profit, and ad performance that are not indicative of a longer-term trend (either positive or negative). You need to give time for sellthrough to occur (if you're advertising a series, which is recommended) and page reads to come in (if the book / series is in Kindle Unlimited). Always **look for trends over longer periods of data (3 – 14 days, more toward the upper end of that range for long series)** when assessing your ads' performance, rather than just a single day.

**CPC:** cost per click (ad spend / clicks)

**CPM:** cost per thousand impressions

**CTR:** clickthrough rate (clicks / impressions)

**CONVERSION:** % of clicks that produce a sale

$$\text{CONVERSION} = (\text{sales} - \text{baseline sales}) / \text{clicks}$$

**EX. (no baseline)** 10 sales / 126 clicks = 7.94% conversion

**EX. (w/ baseline)** (10 sales – 4 baseline sales) / 126 clicks = 4.76% conversion

When we say an ad is **converting** this means it's producing **sales, borrows, or downloads**.

We must estimate conversion ourselves in most situations, because outside of Amazon Ads, we don't get data on how many sales or reads an individual ad produces.

Conversion is more accurate when we incorporate the **baseline**, as this will exclude sales we were already generating organically. You do not incorporate the baseline when calculating conversion for Amazon Ads, as the ads dashboard gives you the actual number of sales from specific ads or keywords.

**RANK** can help estimate conversion on Kindle Unlimited books, since page reads are a lagging metric (people don't read the entire book the instant they borrow it) and borrows aren't reported by Amazon.

**BASELINE:** average organic sales without advertising *OR* average sales during a period of steady ad spend.

Calculate this for a period where you have 100+ sales or 1000+ free downloads to smooth out variance. Make sure you have no major promos or launches during or immediately before the measurement period, as this will skew the baseline.

**BASELINE SALES = sales over X Days / X days**

**EX.** 225 sales over 12 days / 12 days = 18.75 baseline daily sales

**BASELINE PROFIT = series profit over X days / X days**

**EX.** \$1278.62 in series profit over 30 days / 30 days = \$42.62 baseline daily profit

**NET PROFIT ABOVE BASELINE:** the additional profit your ads are generating compared to what you were making without the ads (or at the previous level of ad spend).

**NET PROFIT ABOVE BASELINE = net profit – baseline net profit**

**EX.** \$72.28 series profit – \$42.62 baseline profit = \$29.66 profit from ads

**BORROWS:** a full read of a Kindle Unlimited book

**BORROWS = # of pages read of book / # of KENPC in book**

**EX.** 451,628 pages read of Book 1 / 278 KENPC in Book 1 = 1624.6 borrows

**KENPC** is the number of Kindle pages in a book. This is found on the KDP Dashboard. Go to the Bookshelf, navigate to the book in question, and click the “...” next to it and select KDP Select Info. The following page will display the KENPC.

**BORROWS PER SALE:** also called **borrows to sales**, this is the number of borrows a book historically receives for each sale. Useful for assessing how weighted a particular book is toward Kindle Unlimited. Will be higher in Kindle Unlimited weighted genres like romance or urban fantasy.

**BORROWS PER SALE = book borrows / book sales**

**EX.** 1624.6 borrows / 553 sales = 2.94 borrows per sale

**SELLTHROUGH:** the % of people who buy Book 1 who buy Book 2. Can also be calculated from Book 2 to Book 3, Book 3 to Book 4, and so forth. Sellthrough is also referred to as readthrough.

To maximize accuracy, choose a period with 30 – 100+ sales or 1000+ free downloads of Book 1 to smooth out variance from a small data sample. Calculate sellthrough for 2 – 3 different time periods to get a more accurate picture of the numbers.

$$\text{SELLTHROUGH} = \text{Book 1 sales} / \text{Book 2 sales}$$

**EX.** 72 Book 1 sales / 163 Book 2 sales = 44.2% sellthrough

$$\text{KU READTHROUGH} = \text{Book 1 borrows} / \text{Book 2 borrows}$$

**EX.** 136 Book 1 borrows / 201 Book 2 borrows = 67.7% KU readthrough

**REVENUE PER SALE (RPS):** the total series sales revenue produced by a sale of Book 1 when factoring in sellthrough to the rest of the books in the series. This is an *estimate* of how much a sale of Book 1 is actually worth to you.

Emphasis on *estimate*. Revenue per sale gives you a general idea of how much you can spend on ads and still be profitable *before* sellthrough is actually reflected in your net profit tracking (since it can take days or even weeks for people to buy the next books and read through them).

**REVENUE PER BORROW (RPB):** the total series Kindle Unlimited revenue produced by a borrow of Book 1 when factoring in readthrough to the rest of the books in the series. This is an *estimate* of how much a borrow of Book 1 is actually worth to you.

$$\text{REVENUE PER SALE (RPS)} = \text{total series sales revenue} - \text{paperback sales revenue} - \text{box set sales revenue} / \text{Book 1 eBook sales}$$

**EX.** \$4032.43 in series sale revenue / 553 eBook sales = \$7.29 revenue per sale

$$\text{REVENUE PER BORROW (RPB)} = \text{total series KU revenue} - \text{box set KU revenue} / \text{Book 1 borrows}$$

**EX.** \$8192.61 in series KU revenue / 1624.6 borrows = \$5.04 revenue per borrow

To maximize accuracy when calculating Revenue Per Sale and / or Revenue Per Borrow, use a period that meets all the following criteria (optimally) (1 – 7 are **mandatory**):

1. **No Book 1 price changes.** A series will have a different RPS and RPB when Book 1 is free, \$0.99, or full price, as the price of the first volume dramatically



impacts sellthrough to the following books. Keep a record of the RPS and RPB at varying price points if you've tested multiple different prices for Book 1.

2. **No major series promo** during or immediately before the measurement period (i.e., no BookBub deals or big promo site pushes—running PPC ads is fine).
3. **No new releases** in the series during or immediately before the measurement period.
4. **Calculate RPS and RPB separately for each individual region where you're advertising.** RPS and RPB will differ across regions due to different prices, exchange rates, and sellthrough. You generally only need to calculate this for the US and UK.
5. **Book 1 as the entry point only.** If you're heavily advertising a book *other* than Book 1, you cannot accurately estimate RPS and RPB. This will skew the sellthrough numbers (e.g., if you sell 50 copies of Book 1 and 100 copies of Book 2 because the latter is being advertised more, sellthrough will "be" 200%, which is obviously impossible and incorrect).
6. **Exclude paperback sales and revenue.** If you want to calculate the RPS for paperbacks, it must be done separately. The paperback RPS will differ from the eBook RPS due to different pricing and sellthrough.
7. **Exclude box set revenue.** You can technically include box set revenue in the total series and borrow revenue, but this often overestimates the RPS and RPB. I usually omit box set revenue for this reason.
8. Choose a period with 30 – 100+ sales or 1000+ free downloads of Book 1 to smooth out variance from a small data sample.
9. Calculate RPS and RPB for two or three different time periods and compare the results to confirm that the estimate is stable enough to be usable.

**PROJECTED SERIES REVENUE:** total projected revenue from that day or week's Book 1 sales when factoring in sellthrough. Useful for estimating ad profitability before sellthrough actually comes in days or weeks later.

**PROJECTED SERIES REVENUE (WIDE) = Revenue Per Sale \* Book 1 sales**

**EX.** \$7.29 RPS \* 23 Book 1 sales = \$167.67 projected series revenue

**PROJECTED SERIES REVENUE (KU) = (Revenue Per Sale \* Book 1 sales) + (Revenue Per Borrow \* Book 1 borrows)**

**EX.** (\$7.29 RPS \* 23 Book 1 sales) + (\$5.04 RPB \* 52 Book 1 borrows) =

\$429.75 projected series revenue

**PROJECTED SERIES PROFIT = projected series revenue – ad spend**

**EX.** \$429.75 projected series revenue - \$326.22 in ad spend = \$103.53 projected series profit

**COST PER SALE (CPS):** ad spend to produce a sale of a book

**COST PER SALE (CPS) = book ad spend / (book sales – book baseline sales)**

**EX (without baseline).** \$456.35 in ad spend / 96 sales = \$4.75 cost per sale

**EX (w/ baseline).** \$456.35 in ad spend / (96 sales – 28 baseline sales) = \$6.71 cost per sale

As with conversion, cost per sale is more accurate when factoring in the baseline.

You do not need to incorporate the baseline when calculating cost per sale for Amazon Ads, since the dashboard gives you the actual number of sales an ad or keyword produced.

For books which produce the bulk of their revenue in Kindle Unlimited (e.g. romance, urban fantasy, etc), cost per sale is inaccurate. It can be used as a rough analysis tool, but shouldn't be a primary metric to focus on.

**PROFIT PER SALE (WIDE ONLY):** estimated profit per sale. If you have a long series, it can take weeks or even months for readers to buy Book 5 or 9, which will make the weekly tracking appear unprofitable in the meantime. Calculating profit per sale allows you to scale before sellthrough is reflected in your daily or weekly net profit numbers.

**PROFIT PER SALE = Revenue Per Sale – Cost Per Sale**

**EX.** \$7.29 RPS - \$6.71 CPS = \$0.58 profit per sale

If profit per sale is positive, but net profit tracking *doesn't* reflect profits after a few weeks, then your RPS or CPS calculations are inaccurate *or* series sellthrough from the ads is likely lower than the historical #s. Each advertising platform, book retailer, region, and format produces different sellthrough; this, however, is impossible to track precisely.

**REVENUE PER CLICK (RPC) (AMAZON ADS ONLY):** projected revenue generated per click when factoring in sales sellthrough and KU readthrough. Can be used to analyze performance of specific ads as well as specific search terms. Useful for seeing which search terms generate the most revenue per click; you can then optimize the bids on these to scale and maximize profitability. Likewise useful for seeing which search terms are generating low amounts of revenue per click, so you can turn them off, negative target them, or lower the bid.

An ad or search term's RPC is its breakeven CPC. Bid below this if your goal is profitability, bid above if you're using a loss leader strategy, and bid at the RPC if you're using a breakeven strategy.

This can be used for wide or KU books. For wide books, simply omit the revenue per borrow part of the equation.

Can only be used to analyze ads or specific search terms that are running for Book 1.

**REVENUE PER CLICK (RPC) = [(Revenue Per Sale \* Book 1 Sales) + (Revenue Per Borrow \* Book 1 Borrows)] / Clicks**

**EX.** [(\$7.29 RPS \* 23 Book 1 sales) + (\$5.04 RPB \* 52 Book 1 borrows)] / 572 clicks =  
\$429.75 / 572 clicks = \$0.75 revenue per click

**PROFIT PER CLICK (AMAZON ADS ONLY):** projected profit generated per click when factoring in sellthrough and KU readthrough. Can only be used to analyze ads or search terms advertising Book 1.

**PROFIT PER CLICK = Revenue Per Click – Cost Per Click = Profit Per Click**

**EX.** \$0.75 RPC - \$0.59 CPC = \$0.16 profit per click

**TARGET BREAKEVEN ACOS (AMAZON ADS ONLY, WIDE and PRINT BOOKS ONLY):** this is the breakeven ACOS when factoring in sellthrough to the rest of the series. If an ad or search term's ACOS on the Amazon Ads dashboard is lower than this, it's likely profitable. Conversely, if the ad or search term's ACOS on the dashboard is higher than your target breakeven ACOS, it's likely unprofitable. This is not usable for Kindle Unlimited books.

**TARGET BREAKEVEN ACOS = (Revenue per Sale / Book 1 price) \* 100**

**EX.** (\$7.29 RPS / \$2.99 Book 1 price) \* 100 = 243% target breakeven ACOS

Based on this breakeven ACOS, if an ad has a 302% ACOS = unprofitable

186% ACOS = profitable

## PROFITABILITY TRACKING

**IMPORTANT:** The processes below are *frameworks* that you can follow, build upon, and tweak for your own catalog. They are not set in stone. I simply want to demonstrate how you can apply the equations and concepts outlined above to form a cohesive profitability tracking system.

There are five main methods for tracking the effectiveness of your marketing. Note that while you'll generally be using these to track your paid advertising, it is also possible to use them to evaluate and improve your organic marketing efforts as well.

1. **Relative method** (eyeballing previous 3 – 14 days' sales / reads / profits relative to current timeframe)
2. **Projected profit method** ((revenue per sale \* Book 1 sales + revenue per borrow \* Book 1 borrows) – ad spend)
3. **Profit per sale method** (revenue per sale – cost per sale)
4. **Net above baseline method** (net profit – net baseline profit)

5. **Revenue per click method** (projected revenue / ad clicks) (specific to Amazon Ads)

You can, and should, use multiple tracking methods in conjunction with one another when possible to get a more complete picture of how your marketing is performing and the impact of your changes. The combos you employ will change depending on the situation (launch, backlist, wide, KU) and the data currently available to you.

Here’s a chart breaking down when to use these various methods. This is not absolute, but serves as a good starting point:

Tracking Method	Summary	Backlist	Launch	Discounted Promo	KU	Wide
Relative	eyeballing previous day's or week's sales / reads / profits relative to current timeframe	Y	Y	Y	Y	Y
Projected profit	projected profit = (RPS * Book 1 sales + RPB * Book 1 borrows) - ad spend	Y	N	N	Y	Y
Profit per sale	profit per sale = revenue per sale – cost per sale	Y	N	N	N	Y
Net above baseline	net profit above baseline = net profit - baseline net profit	Y	N	N	Y	Y
Revenue per click	revenue per click = projected revenue / ad clicks	Amazon Ads	Amazon Ads	Amazon Ads	Amazon Ads	Amazon Ads

Basic Tracking Process

1. Set a monthly budget and divide it daily (e.g. **\$1,500/mo = \$50/day**)
2. Set up a tracking sheet for your weekly net series profitability numbers (**series royalties – series ad spend = net profit**)
3. Analyze profitability using the **relative** method (eyeballing series profit in comparison to previous week)

In-Depth Tracking Process: Wide (Backlist)

You can use either Method 1 or Method 2, or both simultaneously. Sometimes it’s possible to get accurate baseline data, but not an accurate RPS number, or vice versa. Or you might be more comfortable with a specific approach.

If a book is coming off a launch or large promotion (BookBub, promo site push etc.), then net profit above baseline and relative profit may drop in the following days or weeks even when the ads are still performing well. The numbers are critical, but always consider circumstances that may be affecting those numbers before making decisions to scale up / down or turn off ads.

1. Set a monthly budget and divide it daily (e.g. **\$1,500/mo = \$50/day**)
2. Set up a tracking spreadsheet for your daily or weekly net series profitability numbers (**series royalties – series ad spend = net profit**), sales and reads (at least of Book 1) and any other metrics you want to track (ad clicks, etc.)
3. Start with your best performing series (80/20) by profitability, conversion, or revenue per sale (RPS)
4. **METHOD 1: ESTIMATE PROFIT via NET PROFIT ABOVE BASELINE**
  1. Calculate baseline series profit (**series profit over X days / X days**)
  2. Calculate net series profit above baseline (**net series daily or weekly profit – baseline series daily or weekly profit**)
5. **METHOD 2: PROJECT PROFIT via REVENUE PER SALE**
  1. Calculate revenue per sale (RPS) (**total series sales revenue / Book 1 sales**)
  2. Calculate cost per sale (CPS) (**ad spend / (Book 1 daily or weekly sales – baseline daily or weekly sales)**)
  3. Calculate profit per sale (**RPS – CPS**)

4. Calculate projected profit (**profit per sale x Book 1 daily or weekly sales**)
6. **ANALYSIS FOR BOTH METHODS**
  1. If net series profit above baseline or profit per sale is **positive**, continue running ads. Iterate on ads (CPC) and conversion to improve profitability and / or potentially scale.
  2. If net series profit above baseline or profit per sale is **negative**, then isolate whether traffic (CPC), conversion, or profitability (sellthrough from Book 1 to Book 2 or overall series length) is the problem. Test new ideas until profitable, or you determine the series isn't a good candidate for advertising.
7. Also track net profit using the **relative method** (eyeballing series numbers in comparison to previous 3 – 14 days). Always confirm net series profit above baseline or profit per sale estimates with *actual* net series profitability numbers (**series royalties – series ad spend = net profit**).

### In-Depth Tracking Process: Kindle Unlimited (Backlist)

You can use either Method 1 or Method 2, or both simultaneously. Sometimes it's possible to get accurate baseline data, but not accurate RPS and RPB numbers, or vice versa. Or you might be more comfortable with a specific approach.

If a book is coming off a launch or large promotion (BookBub, Kindle Countdown Deal, Prime Reading etc.), then net profit above baseline and relative profit may drop in the following days or weeks even when the ads are still performing well. The numbers are critical, but always consider circumstances that may be affecting those numbers before making decisions to scale up / down or turn off ads.

1. Set a monthly budget and divide it out daily (e.g. **\$1,500/mo = \$50/day**)
2. Set up a tracking spreadsheet for your daily or weekly net series profitability numbers (**series royalties – series ad spend = net profit**), sales and reads (at least of Book 1) and any other metrics you want to track (ad clicks, etc.)
3. Start with your best performing series (80/20) by profitability, conversion, or revenue per sale (RPS) & revenue per borrow (RPB)
4. **METHOD 1: ESTIMATE PROFIT via NET PROFIT ABOVE BASELINE**
  1. Calculate baseline series profit (**series profit over X days / X days**)
  2. Calculate net series profit above baseline (**net series daily or weekly profit – baseline series daily or weekly profit**)
5. **METHOD 2: PROJECT PROFIT via REVENUE PER SALE and REVENUE PER BORROW**
  1. Calculate revenue per sale (RPS) (**total series sales revenue / Book 1 sales**) and revenue per borrow (RPB) (**total series KU revenue / Book 1 borrows**)
  2. Calculate total projected revenue for that day or week. Projected series sales revenue (**Book 1 daily or weekly sales \* RPS**) + projected series borrow revenue (**Book 1 daily or weekly borrows \* RPB**) = total projected series revenue
  3. Calculate projected net series profit (**total projected series revenue – ad spend**)
6. **ANALYSIS**
  1. If net profit above baseline or projected net series profit is **positive**, continue running ads and iterating on ads (CPC) and conversion to improve profitability and/or potentially scale.

2. If net profit above baseline or projected net series profit is **negative**, then isolate whether traffic (CPC), conversion, or profitability (sellthrough / series length) is the problem. Test new ideas until profitable, or you determine series isn't a good candidate for advertising.
7. Keep an eye on **RANK**. This is an early indicator that your ads are generating borrows. Borrows don't always translate reads, but if rank is improving, this is a good signal that people are picking up the book via Kindle Unlimited.
8. Also track net profit using the **relative method** (eyeballing series numbers in comparison to last 3 – 14 days). Always confirm net series profit above baseline or projected net series profit numbers with *actual* net series profitability numbers (**series royalties – series ad spend = net profit**).

### In-Depth Tracking Process: [Amazon Ads](#)

You can use this for both wide and Kindle Unlimited books. It is not usable on Facebook or BookBub since you cannot directly track how many sales or page reads are coming from the ads.

1. Set a monthly budget and divide it out daily (e.g. **\$1,500/mo = \$50/day**)
2. Set up a tracking spreadsheet for your daily or weekly net series profitability numbers (**series royalties – series ad spend = net profit**), sales and reads (at least of Book 1) and any other metrics you want to track (ad clicks, etc.)
3. Start with your best performing series (80/20) by profitability, conversion, or revenue per sale (RPS) & revenue per borrow (RPB)
4. **ESTIMATE PROFIT via NET PROFIT ABOVE BASELINE**
  1. Calculate baseline series profit (**series profit over X days / X days**)
  2. Calculate net series profit above baseline (**net series daily or weekly profit – baseline series daily or weekly profit**)
5. **DIAL IN BIDS USING REVENUE PER CLICK & PROFIT PER CLICK**
  1. **IMPORTANT**: this only works for ads running to Book 1
  2. Calculate Revenue per Sale (RPS) and Revenue per Borrow (RPB)
  3. RPS: **total series sales revenue / Book 1 sales**
  4. RPB: **total series borrow revenue / Book 1 borrows**
  5. Borrows: **Book 1 page reads / Book 1 KENPC**
  6. **PROJECTED SERIES REVENUE (KU) = (RPS x Book 1 sales) + (RPB x Book 1 borrows)**
  7. **REVENUE PER CLICK (RPC) = [(RPS \* Book 1 ad sales) + (RPB \* Book 1 ad borrows)] / ad clicks**
  8. **PROFIT PER CLICK = revenue per click – cost per click**
  9. You can look at profit and revenue per click for individual ads OR individual keywords / ASINs.
6. **ANALYSIS**
  1. If profit per click is **positive**, continue running ads or keywords / ASINs. Consider raising bids or adjusting placement / bidding modifiers to scale.
  2. If profit per click is **negative**, lower bids to make profitable or turn off the ad / keyword / ASIN (unless running a loss leader strategy, where you're fine with the ads being unprofitable). *However*, before turning it off, make sure this isn't a high-volume search term or keyword: you might be getting a significant organic

visibility boost from the sales and/or borrow volume that actually makes the ad or search term profitable despite the negative profit per click.

7. Use RPC in conjunction with the **net series profit above baseline** and/or **relative methods** (eyeballing numbers in comparison to previous 3 – 14 days). Always confirm with actual profitability numbers (**series royalties – series ad spend = net profit**).

### Launch and Promo Tracking Process

You can use this for both wide and Kindle Unlimited books. During a launch, since you have multiple traffic sources (ads, social media, promo sites, your newsletter etc.), it's impossible to track how the ads are performing with any level of accuracy. Thus you must rely more on feel and being able to refer back to previous launch tracking sheets, both of which are the product of experience.

1. Set your budget for the first 30 days of the launch or duration of promo (e.g., \$3,000)
2. Set up a tracking spreadsheet for your daily net series profitability numbers (**series royalties – series ad spend = net profit**), sales and reads (for both the new book and rest of series—I usually do the rest of series' sales and read numbers in aggregate instead of individually) and any other metrics you want to track (ad clicks, etc.).  
During a launch, it's also recommended to track total pen name revenue and total pen name profit, since your backlist—even if it's not in the same series—often experiences a substantial lift from the new book's visibility.
3. Track for the following length of time:
  - a. **PROMO**: duration of promo (e.g., 7 days)
  - b. **LAUNCH**: first 30 days of launch. Over time, you'll have your own launch data library of 30 day sheets to refer back to; these are invaluable when launching future titles.
4. Track rank daily to assess visibility and KU conversion (e.g., borrows)
5. Analyze profitability using the **relative** method (eyeballing numbers in comparison to past day / past few days) and adjust ad spend according to your goals.

Note 1: your biggest revenue day will likely be when you send your newsletter (i.e., usually Day 1 of a launch). Just because the numbers are down after the first few days doesn't mean things are going poorly.

Note 2: Evaluate the numbers based on the promo or launch strategy you're using. If you're discounting and pushing for visibility during the first week, the bulk of the profit will come *after* the promo or launch week. The initial launch or promo week itself will often see the daily profit numbers dip into the negative.

Note 3: I do track cost per sale (CPS) and conversion during launches/promos as rough troubleshooting and analysis metrics for how the ads are performing (but I don't make profitability decisions based on them). I eyeball them on a relative basis, a la the overall net profit.

## OPTIMIZATIONS

In order of importance / impact.

1. **FRONT MATTER:** always include a link to your newsletter on its own page in the front matter; can increase organic subscribers 2x or more.
2. **BACK MATTER:** limit to two calls to action (CTAs) on the same page as THE END (newsletter link and brief teaser + link to next book). Placing these on the same page as THE END means readers will see your most important links before Amazon's automated end of book pop up triggers. Having fewer links increases the likelihood of the reader taking action. Put any additional links or info (e.g. social media or whatever) in the afterword or about the author section etc.
3. **DOUBLE OPT-IN:** turn this off unless you're getting spam sign-ups or it's mandatory in your jurisdiction. You lose 30%+ of your organic subscribers immediately with this enabled.
4. **AUTORESPONDER:** every week, have a newsletter autoresponder email go out introducing readers to another series in your backlist.
  - a. For example, a Friday email with the subject line "Looking for your next weekend read?"
  - b. Email format is a simple story about the book (about researching, writing, something related etc.) followed by a 1 – 2 sentence teaser (can be your blurb, but the whole thing isn't necessary), ending with the buy link(s).
  - c. Do *one* series (or book, if you write standalones) per email, not multiple.
5. **FORMATTING:** limit fancy formatting, embedded covers (for box sets), and images to minimize file sizes. This reduces your delivery fees when you choose the 70% royalty rate on Amazon. If you have a lot of extraneous images (e.g. all the covers embedded in a complete series box set), these fees can run \$0.15 or \$0.20.
6. **HOME PAGE:** have a newsletter sign-up on the home page as the first thing readers see. Example at [dnerikson.com](http://dnerikson.com).
7. **UPSELL:** make your thank you page after someone signs up to the newsletter on your website an upsell to the series box set or Book 1 in the related series. Example at [dnerikson.com/rc-box](http://dnerikson.com/rc-box).



## AUTHOR COMPS (TARGETING)

On **FACEBOOK**, your targeting doesn't have to be a 1:1 match. It's rarely possible to do so, anyway. If I'm advertising an urban fantasy book starring a female protagonist, I can target Kim Harrison (who writes the Rachel Morgan series). But I can also target Jim Butcher (who writes the Harry Dresden series). I can even target paranormal romance authors (i.e. Nalini Singh), although I'd do this *after* testing other, closer author comps who write urban fantasy.

On **BOOKBUB**, start by targeting indie authors who write in your sub-genre, then expand to adjacent sub-genres. It's possible to even niche down to authors who write urban fantasy with a female lead. You can achieve this level of granularity because you can target *any* author on BookBub.

But rarely will your closest stylistic/genre comps be your best targets. I wouldn't target crime authors on BookBub with my urban fantasy books, but you have a lot more latitude than you might think.

As an example, one of the best performing comps I found during a round of testing for my urban fantasy novel was an indie author who writes PNR reverse harem. My books don't have any romance subplot or steam.

I'll generally still start with authors in my sub-genre and expand from there, however.

The best targets on BookBub are almost always authors running BookBub Ads. Subscribe to the email in your genre and scroll down to the ad at the bottom. Keep a running list of these authors and test them first, even if they're only adjacent to your genre (e.g., epic fantasy or paranormal romance targets for an urban fantasy author).

On **AMAZON**, precision is king. Hyper-targeting is the name of the game when you're using the Sponsored Product (keyword or ASIN) ads. This requires *hand-curating* your list of search terms. Do not use tools that spit out a bunch of terms and then dump them into your ads. This is a recipe for wasting a bunch of money.

Start with as close to 1:1 sub-genre matches as possible. That means for my urban fantasy book with a female lead, I'd first test authors who write urban fantasy with female leads (e.g., Kim Harrison). Next, I'd test authors who write urban fantasy with male leads (e.g., Jim Butcher). If I needed absolutely massive scale, I might test tangential targets like paranormal romance (e.g., Nalini Singh, although that targeting will likely convert too poorly to be usable when advertising an urban fantasy book).

In some sub-genres, you might only be able to find 50 - 200 keywords that are a very close match. Relevance is far more important here than quantity. You need far fewer keywords or ASINs to scale aggressively than you might think.

You might be concerned about the low number of targets you find when you're being this precise. That's *good*. It takes about ~\$7 - \$15 per search term (~10 - 15 clicks) to determine if it's converting and get enough data to even *roughly* estimate where the bids should be via Revenue Per Click (or if a term should be turned off). Relevant keywords / ASINs are likely to

convert better and serve more consistently, thus getting you more actionable and useful data faster.

Targeting hundreds of search terms, by contrast, means their relevance will likely be poor. Many will be unlikely to serve unless you crank up the bids to untenable levels. Worse, with hundreds of terms, the data will be sprinkled across dozens of different keywords / ASINs. It's impossible (or, at best, extremely costly) to analyze and refine the ads in such circumstances since you'll often have 1 click on one keyword, 4 clicks on another, 7 on a third, and so forth, with none receiving enough data to analyze their revenue per click and thus accurately assess their effectiveness.

Over time, you can increase the bids / budgets for your best search terms + ads and slowly expand your targeting circle to scale. But on Amazon, you want to start narrow.

To summarize:

1. **Facebook**, so long as you're in the sub-genre or genre, you're good. Tangentially related genres (PNR for urban fantasy, steamy romance for sweet romance, etc.) can also be effective for scaling your spend as you exhaust your core audiences.
2. **BookBub**, extreme precision is possible, but doesn't have much real-world benefit. Similar rules to Facebook apply: be in the same sub-genre or genre. Tangential genre targeting is a bit more effective on BookBub than Facebook. Authors running BookBub Ads are almost always the best targets.
3. **Amazon**, you want to get as close to a 1:1 sub-sub-genre match as possible, so niche down. Write regional crime novels? Great. Find the crime novels in that specific region (midwest, UK, whatever) and target those first, rather than every James Patterson book under the sun. That level of initial precision is not always possible, but you *should* be thinking this way. It improves ad performance dramatically and the limited scope helps you get data on which targets are actually working. Expand your targeting pool later if you want to scale or test additional targets.

For the actual mechanics of finding author comps, here's where I do for research (95%+ is on Amazon):

1. Amazon
  - a. Also boughts / also read / also viewed
  - b. Sponsored Product ads carousel on book pages
  - c. Amazon Author profiles
  - d. Top 100 Bestseller lists
2. Google (e.g. "best indie urban fantasy books")
3. Amazon Ads Search Term Report (see what terms + ASINs your book's ads are appearing and converting for)

## CREATIVE RESOURCES

Stock photo sites:

- Neo-stock ([neostock.com](http://neostock.com))
- Depositphotos ([depositphotos.com](http://depositphotos.com))
- Covervault ([covervault.com](http://covervault.com)) (Photoshop mockup templates for eBooks and 3D paperbacks)

Software

- Adobe Photoshop
- Canva ([canva.com](http://canva.com))
- Remove backgrounds from stock photos with one click: [remove.bg](http://remove.bg)

For copy and headline formulas, download the cheat sheet at [nicholaserik.com/copy](http://nicholaserik.com/copy).

For sample high-performing creatives, download the swipe file at [nicholaserik.com/swipe](http://nicholaserik.com/swipe).

## INFINITE CREATIVES

Testing creatives is the name of the success game on Facebook—and to a lesser extent on BookBub, where the audience has the biggest impact on performance, with the creative still coming in as a strong second player. But coming up with actual new ideas after you’ve tested a lot of things can be challenging and time-consuming. Often, it’s easy to test 10 - 20 ads and then look back the next week and find that you really only tested 2 ideas 20 slightly different ways.

Here are a few ways to produce an endless stream of new ideas and break out of a creative rut.

General

1. The #1 best way to find “new” winning ideas? Look at your old ones. Track your winning images, taglines / headlines, and text, then make sure you’re testing and combining these in various ways everywhere to get the maximum possible mileage out of them. Often, we have things that worked in the past that aren’t running any more or we haven’t used on another platform. Use them.
2. If something feels like it won’t work or you don’t like it, then run it. The ideas we filter out because they don’t appeal to us are often the very concepts that will resonate with a different part of our target audience.
  - a. **CRITICAL NOTE:** this is about pushing your own preconceived preferences and notions of what will appeal to your audience (e.g., a landscape photo versus a picture of a person), NOT trying to run super-aggressive things that toe the platform’s compliance line or go way over the edge. If you believe something could be a problem with compliance, *don’t* run it.
3. Check out what other authors are running (Facebook Library, BookBub email at bottom) and keep a swipe file of creatives that catch your eye. If someone shares a *confirmed* winner with you (e.g., with the actual stats such as CPC, CTR, ad spend etc.), this is worth its weight in swipe file gold.

## Text

1. Ask your mailing list / social media / ARC team what their favorite scene in the book is. Good for engagement + will give you an idea of what your readers like the most in your books, which is helpful from a craft perspective, too.
2. Ask your assistant / spouse / friend etc. to skim the book and see if something stands out.
3. Look at the Most Highlighted passages on the Kindle App or your Kindle. A lot of these will be unusable (e.g., sex scenes), but there's a lot of gold in here. You generally can't use this for a new release since the Most Highlighted takes time to populate.
4. When reading your reviews, pull sentences / quotes that stand out to you.
5. 15m copy exercise. Set a timer for 15m. Don't stop writing taglines / teasers / whatever until the timer goes off. Do not optimize for good, optimize for volume + speed. Keep pushing beyond when you feel like you're scraping the bottom of the barrel.

## Images

1. Hire someone on Fiverr (or get your assistant) to find photos on Deposit Photos or another stock site and have them send you the links to the stock. You can have Fiverr freelancers do the graphic design, but this is risky in that the price is so low that sometimes they just take unlicensed images. Here, you buy the images you like from what they find, then make the creatives yourself. This eliminates the most time-consuming part of the creative process (sourcing stock) and also ensures that you're finding images that have a different design aesthetic other than your own.
2. Hire a graphic designer. This can get expensive and also can slow down testing, but that can elevate the images a step above the standard stock and give you different options than what the audience might have already seen from 10 other authors. Wouldn't pay more than \$10 - \$25 per creative, otherwise this quickly becomes uneconomical.
3. Mash up stock photos: you can cut out the background of a person / couple with Remove BG ([www.remove.bg](http://www.remove.bg)) and then paste it on another stock photo's background using Canva or Photoshop to create something that's immediately unique without the cost of a designer. There are free services that will remove the background (Canva has it built in if you're a paid member), but Remove BG works the best and is the fastest, so if you're testing a lot, it's worth the cost (around ~\$1 per image).

# FACEBOOK BEST PRACTICES & PROCESS

## Platform Strengths & Weaknesses

- Strengths
  - **RESPONSIVENESS:** ads usually go live and start spending within 4 – 6 hours
  - **CONSISTENCY:** whether you give Facebook \$50/day or \$500/day in budget, it will spend the full amount with minimal day-to-day fluctuation
  - **SCALABILITY:** can spend \$5 or \$5k in a day
  - **COST:** lowest CPCs of three platforms; sub-\$0.10 is possible
  - **GENRE FLEXIBILITY:** all tend to work, but best in romance due to low CPCs
- Weaknesses
  - **CONVERSION:** since you can advertise a ton of different products on Facebook other than books, people clicking on your ad are not necessarily readers / do not necessarily know it's a book. Thus, if your ad is unclear about this, you can generate lots of clicks at a low CPC that don't produce many (or any) sales.
  - **FEATURES:** simple if you follow best practices, but the sheer number of options and features available on the ads dashboard can be overwhelming when starting out or trying to troubleshoot poor ad performance, since it seems that the problem could be *anything*. Ignore most of these, since they're not relevant to authors—focus on what's outlined below.
  - **RISK:** Ad accounts, business managers, or even entire profiles can be mistakenly suspended from running ads at random by Facebook's automated AI or glitches, disrupting campaigns or, at worst, resulting in a permanent, irreversible ban. If a permanent ban occurs, you have essentially no recourse; Facebook's limited ads support is generally unable to reverse this ban if it is finalized and there is no way to circumvent this by creating a new profile, as Facebook's advanced fraud detection algorithms will immediately block any attempts to get around the ban. There is no amount of monthly spend that you as an author can reach that will provide you access to improved advertiser support. This ultimately makes Facebook, despite being both the best and most advanced advertising platform ever created, an *extremely* risky platform to be solely reliant on as a business owner. Facebook is free to run their business as they best see fit, of course, but you as an advertiser should do the same—meaning you must diversify your traffic sources even if they are far and away your best performing platform.

## Facebook Best Practices

- **NAMING CONVENTION:** critical for being able to search for campaigns for a specific book or series and to identify audiences within an ad set at a glance.
  - **CAMPAIGN:** Objective / Region / Series / Book # / additional info (optional)
  - **OBJECTIVES:** T = Traffic, E = Engagement, C = Conversion
    - T/US: HDR1
    - E/UK: EHBox (Launch)
  - **AD SET:** Targeting Type / Interest

- I = Interest, LA = Lookalike, RT = Retargeting
  - I: Lee Child
  - LA: 1% Mailing List
  - RT: Page Engagement 365 days
- **OBJECTIVE:** Traffic (for sales), Conversion (for mailing list subscribers; not recommended to use FB to build your mailing list—expensive and low engagement, use cross promos or giveaways instead for similarly engaged subscribers for 10 – 20% of the cost)
- **BIDDING:** Campaign Budget Optimization (CBO)
- **PLACEMENT:** Facebook News Feed only (if you want to target Instagram’s Feed, do so in a separate ad set because the CPCs will differ)
- **REGION:** start with US unless your book has UK regional tie-ins. Roll out successful US ads to UK if you want to run ads there. Can also do Canada and Australia if wide, but not recommended for KU titles due to much lower page read rate and limited audience sizes in these regions.
- **TARGETING**
  - **AUTHORS/GENRES:** in your sub-genre or tangential sub-genres (e.g., paranormal romance when writing write urban fantasy). Start here.
  - **LOOKALIKES:** create 1% Lookalikes based on your organic mailing list, page engagement, and website. If you need to scale beyond authors / genres, this is your next step.
  - **CUSTOM (retargeting):** mailing list, page engagement, website, other authors’ shared custom audiences (e.g. you can ask your author friends to share their page engagement audience w/ you, and then target everyone who has interacted with their page—page engagement includes everyone who has clicked on their ads). These are warm audiences that usually perform well, but they tend to be quite small. For that reason, they’re best reserved for promos / launches.
  - **MOVIES/TV:** related to your sub-genre (e.g. *True Blood* if you write paranormal romance or urban fantasy, *Battlestar Galactica* if you write space opera). Not recommended unless you need to scale and your Lookalikes aren’t performing well.
- **KEY METRICS:** Unique Outbound CPC, conversion (must estimate this yourself)

### Facebook Testing Process

Budget-wise, let’s say you have \$100 for testing (this is just for the sake of example—it could be more or less). You may think it’s better to spread that out over as many days as possible. But it’s actually better to condense it into a shorter time frame:

- \$5/day = 20 days of testing. But data gathering is slow, so you can only iterate every 5 – 7 days. Typically difficult to stay engaged, since not much progress is being made. Testing either grinds to a halt OR you end up wasting money because impatience sets in and you test w/o enough data, or you forget and come back in on Day 11 having run things too long.

- \$10/day = 10 days of testing. Can iterate every 3 – 4 days because data comes in faster. Much smoother and quicker, leading to better adherence and results.

By increasing the daily budget, you condense the testing timeframe and find winning ads faster. Further, at higher budgets, it's easier to assess if the ads are converting—differences in sales or reads at \$5/day are often just random fluctuations. But \$10/day or \$20/day should show a *clear* difference in sales or reads (unless your book is already in the Top 10,000 or better). If there is no clear difference after 4 – 7 days, they probably aren't converting.

There are two parts to our testing approach: (1) nailing down good CPCs and (2) assessing conversion / profitability.

**(1) First, nail down good CPCs by testing ads and audiences.**

There are three testing approaches: **A/B testing**, **multivariate testing**, and **Dynamic Creative testing** (which is just a form of multivariate testing).

**GOAL:** regardless of which approach you employ, your goal is to **nail down reasonable CPCs by testing ads and audiences to Book 1.**

You only have to test audiences once if you're writing in the same genre. Their performance will usually be consistent for years and rarely changes.

Creatives are the key to good performance and scaling ads on Facebook. If your ads are performing poorly and you're following best practices for the settings, then the culprit is almost always the creatives. And if you're trying to scale aggressively (e.g., during a launch or for a backlist title that's performing well), then consistently testing and feeding Facebook new creatives is the only effective way to keep CPCs within reasonable levels. Believe me when I say that I've tried *many* alternatives. Focus on testing creatives and Facebook not only becomes vastly easier to manage, but also produces vastly improved performance.

1A: Facebook "Manual" A/B and Multivariate Testing

I refer to this process as "manual" because you are handling the testing instead of Facebook.

Note: A/B testing and multivariate are identical processes *except* for the starting point (#2).

1. Set up a tracking sheet where you're logging, at minimum, net profit (expenses and royalties) on a weekly basis. Tracking daily is recommended when you're learning to run Facebook Ads.
2. **START ADS**
  - A. **BUDGET:** If you're running 1 – 3 ads, start at \$12 - \$18/day to get data in 2 – 3 days. If you're running 4 – 6 ads, do \$20 - \$30/day. The more audiences and ads you test simultaneously, the larger the budget needs to be.
  - B. **A/B TESTING START:** Start with 2 – 6 ads with the same headline + copy, *just* different images.

- C. **MULTIVARIATE START:** Start with 2 – 6 ads all with completely different headlines, copy, and images.
  - D. If you haven't tested audiences yet, run the ads to 2 – 6 separate audiences in separate ad sets—i.e. one audience per ad set, with the same ads running to each.
    - Ad Set 1: Audience #1
      - A. Ad A
      - B. Ad B
      - C. Ad C
    - Ad Set 2: Audience #2
      - A. Ad A
      - B. Ad B
      - C. Ad C
    - Ad Set 3: Audience #3
      - A. Ad A
      - B. Ad B
      - C. Ad C
  - E. If you have tested audiences already, use a single aggregate audience of your best performing author interests in a single ad set.
    - Ad Set 1: Aggregate Best Performing Author Interests
      - A. Ad A
      - B. Ad B
      - C. Ad C
3. Wait until the Learning Phase is complete (50 clicks for at least one audience / 500 impressions for at least one ad) so data is stable. Need 2 – 4 days' worth of data to smooth out daily randomness.
- A. Evaluate ads based on Unique Outbound CPC. Lowest CPC is the winner, so long as it has 500+ impressions.
  - B. If none of the ads are good, start over with new ads in a new ad set (and new audiences, if you're testing audiences).
  - C. If an ad looks at least semi-promising, create 2 – 6 iterations on your best performing ad (can also do your second/third best ads, too etc.) within the original ad set.
    - Iterating involves changing *one* thing at a time—the image, headline, or the copy—and leaving everything else the same.
    - Turn off all ads from previous round of iteration, other than the winner. This will prevent already tested losing ads from getting more budget, which will slow down the testing process.
    - Iteration Cycle
      - A. Image [highest impact]
      - B. Copy [2<sup>nd</sup> highest impact]
      - C. Headline [3<sup>rd</sup> highest impact]
      - D. Audiences (if testing audiences)
      - E. After completing a cycle: Repeat the cycle, start over from the beginning with new ads + audiences if nothing looks good, or choose your own adventure to drill down into a



specific problem area—e.g., you could test 15 sets of images in a row.

4. Iterate every 2 – 4 days, depending on budget + time (need Learning Phase to complete), until you have ads with low enough CPCs.
5. Turn all ads back on that have a CPC beneath your target threshold.
6. Roll out ads to additional audiences if trying to scale.
7. Once done testing audiences, aggregate best similar audiences together to prevent Auction Overlap and limit ad fatigue. Similar means aggregate authors with authors + book genres, TV shows with TV shows; do *not* aggregate TV Shows with authors. Can use these audiences in the future without retesting.

**NOTE:** in genres with a lot of author targets (romance/mystery/thrillers), don't test *all* or even most of the author audiences individually; they will have significant overlap. Instead, test the 5 - 15 largest authors individually (250k+ in size). You can aggregate all the smaller authors together and test them as one larger audience; this will save time and money testing 20 - 30 additional audiences similar in composition to the 5 - 15 largest ones.

#### 1B: Facebook “Automatic” Dynamic Creative Testing

I refer to this process as “automatic,” because Facebook handles the bulk of the testing load. Using Dynamic Creative is the quickest way to rapidly test a lot of ad ideas and improve performance. Recommended once you have audiences that you know work.

1. Set up a tracking sheet where you’re logging, at minimum, net profit (expenses and royalties) on a weekly basis. Tracking daily is recommended when you’re learning to run Facebook Ads.
2. **START ADS**
  - a. Set up a new testing campaign using Dynamic Creative. Use standard best practices (News Feed only, CBO etc.) outlined in the Facebook Best Practices section.
  - b. Set up a single ad set in this campaign using an aggregate audience of your best performing author related interests. This audience acts as a consistent ruler to measure the performance of the creatives against. If you use a proven audience and CPCs are poor, then you can rule out the audience as the culprit; the issue must lie with the creatives.
    - i. E.g., use E.L. James + Sylvia Day + Diana Gabaldon + Nora Roberts + Danielle Steel + Contemporary Romance for romance books
    - ii. Ilona Andrews + Patricia Briggs + Laurell K Hamilton + Nalini Singh + Paranormal Romance for paranormal romance books
    - iii. Jim Butcher + Ilona Andrews + Patricia Briggs + Laurell K. Hamilton + Urban Fantasy for urban fantasy books
  - c. Use Dynamic Creative and include 5 images, 5 pieces of copy, and 2 headlines. Can include up to 10 images and 5 headlines, but the more elements you test simultaneously, the higher your campaign’s daily budget needs to be to generate data quickly.

- d. Can test buttons and description (bottom text) via Dynamic Creative as well, but this is strongly not recommended as these are low impact.
  - e. **KEY:** Make sure that “Optimize Creative for Each Person” is off. This will create random 3-second videos from your images and other auto-generated variants that we don’t want.
3. Wait until the campaign has 200+ clicks (~\$50+ in spend) and has run for 2 – 4 days to smooth out daily randomness.
4. Evaluate the elements’ performance based on lowest CPC by clicking the “Breakdown” menu at the top right (beneath the date selection menu) and then selecting the creative item you want to analyze (image, text, or headline).
  - a. If two elements are tied or similar in CPC, then tiebreaker is most clicks. More clicks means the data is more robust and reliable.
  - b. I want at least 30+ clicks on at least one element before making a decision on how it’s performing. If you’re testing more elements (e.g. 10 images / 5 copy / 5 headlines), you will need more clicks on the campaign—remember that the data is spread out across the creative elements.
  - c. Note: if you have nothing with a viable CPC (my cutoff threshold is generally \$0.20 - \$0.30, depending on the length of the series / genre, but it might be higher during a high-budget launch), skip to Step #6 to continue testing.
5. Assemble the #1 best performing image + #1 best performing copy + #1 best performing headline as a regular ad in a brand new “winners” campaign with the same best aggregate audience you used in the Dynamic Creative campaign.
  - a. Use standard best practices for this new winners campaign: News Feed only, CBO, etc. Do *not* use Dynamic Creative for the winners campaign; use standard ads.
  - b. Assemble the #2, #3, and so on image-text-headline combo if they’re within your CPC targets.
  - c. Once you confirm the CPC is solid for these regular ads, you can roll them out to additional audiences (e.g., new interests, Lookalikes, retargeting, whatever you want) to scale.
6. Within the original Dynamic Creative campaign, copy the test ad set. Use the same settings / targeting (best aggregate audience) as before. Name the new ad set “Round 2.”
  - a. Remove the winning images and copy that you used to create the regular ads in the “Winners” campaign.
  - b. Can leave the same winning headlines or can remove them to test completely new ones. The headline typically has a lower impact than the image and copy.
  - c. Remove any images, copy, and headlines that performed poorly in the first test.
  - d. If any images, copy, or headlines only got a handful of impressions / clicks during the first test (e.g., not enough data to determine their effectiveness), you can leave these in for the next test. If these did not get much data but performed very poorly, remove them instead of retesting.
  - e. Add 3 - 5 new images and 3 – 5 new pieces of copy (and headlines, if you want; again, the headline doesn't have a huge impact).
  - f. Turn off the original Round 1 test ad set in the Dynamic Creative campaign so that 100% of the budget goes to the new Round 2 ad set for the new round of tests.

7. Repeat steps 3 – 6 until you have workable ad creatives OR for as long as necessary to keep refreshing ads (e.g., during a launch or promo you'll need to continually test + refresh creatives if you're running high budgets in a condensed time frame).

A frequent question I get asked is “can I just run the ads in the Dynamic Creative?” Yes, you can, but there are three downsides to doing so that make the Dynamic Creative to Winners campaign combo far superior:

1. When running things via Dynamic Creative, the best combinations aren't always showing together. So the worst image + best text, or middle image + worst text are going to get budget in the DC.
2. Dynamic Creative fatigues much faster, so you have to refresh the ads far more often.
3. Dynamic Creative is fragile, in that if just one of your images / text options / headlines is disapproved by Facebook, the entire Dynamic Creative ad is shut off. That means your entire campaign comes grinding to a halt, killing momentum. By contrast, if you're running the winners as regular ads, when one ad gets disapproved, all the other ads will remain on, thus meaning there's no interruption in spend.

Thus, I would strongly recommend using the Dynamic Creative ads to test and then move the best combos into a winners campaign.

## 2: Assess Conversion + Profitability

**TRACKING METHOD 1 (recommended):** The easiest and recommended way to assess whether your ads are working is by using **relative profitability tracking**. Look at your tracking sheet—how does series profitability look prior to starting the ads (or making the last round of changes)? How has it been after?

This is more accurate when comparing a few days' or a week's worth of data (I typically look at ranges of 3 – 14 days). Allow time for the ads to stabilize and sellthrough to occur. Be wary of noise impacting the data which can lead you to false conclusions: random variations from day-to-day, visibility dropping because of a launch winding down / a book exiting Prime Reading / a deal ending etc.

1. **Relative method:** looking at sales and profit in the period prior to starting or increasing ad spend to eyeball conversion + profitability [use: launches and promos, since you have no baseline]
2. **Relative + baseline method:** using the relative method in combination with the baseline, which is the average daily sales and average daily profit during a period where you weren't running any ads, or ad spend was consistent; this is more accurate than the relative method alone [use: backlist; if you have no stable baseline, just use relative method]

**TRACKING METHOD 2:** this is time consuming and NOT generally recommended, but it will provide the most accurate data on which ads are actually converting best. You cannot use this process during a launch or promo—in those situations, focus on getting ads with low CPCs and

utilize best practices (target primarily authors/genres and use the book cover on the ad image) to avoid super-low conversion.

For wide books:

1. Turn off all your ads except for the one with the lowest CPC. Track conversion, book rank, and cost per sale (CPS) for 1 – 3 days. The longer you track, the more accurate conversion and cost per sale data will be.
2. Repeat process with your next lowest CPC ad(s) until satisfied.
3. Compare the various ads' cost per sale (CPS) to the series' revenue per sale (RPS).
4. Turn ads back on with a CPS *lower* than the series' RPS.

For Kindle Unlimited:

If you're in a Kindle Unlimited genre heavily weighted toward page reads like romance, you cannot compare CPS to RPS, as the bulk of your revenue will be page reads. Thus, while you can estimate conversion using this process, it is going to be a rough estimate at best.

1. Turn off all your ads except for the one with the lowest CPC. Track conversion, book rank, and cost per sale (CPS) for 1 – 3 days. The longer you track, the more accurate conversion and cost per sale data will be.
2. Repeat process with your next lowest CPC ad(s) until satisfied.
3. Turn ads back on with an acceptable CPS based on your series' RPS and revenue per borrow (RPB) numbers. Cannot compare RPS and CPS directly when in Kindle Unlimited, so you have to eyeball the numbers.

**IMPORTANT:** always confirm that the ads are working by looking at your actual weekly and monthly net profit. This is the final arbiter regarding whether the ads are effective (or not).

#### **ALTERNATIVE CONVERSION TRACKING METHODS:**

- Amazon Affiliate links (not recommended; not accurate, and using them in ads is against Amazon Affiliate Terms of Service) [use: never]

Facebook Troubleshooting: CPC

From largest to smallest impact:

- Audience (if you don't have anything that works; once you've tested an audience, they're very stable and your problem is likely with the creative)
- Image (use book cover to increase conversion)
- Copy
- Headline (least impact, generally not worth testing extensively)

These have minimal impact, and I would not recommend testing them:

- CTA button (use either Shop Now, Download, or Learn More)

- Description (Bottom Copy)

#### Facebook Troubleshooting: Conversion

Conversion problems generally stem from one of three sources, in order of highest to lowest impact:

1. Amazon page issue (cover, blurb, price, reviews)
2. Creative issue where it's not clear that you're advertising a book (e.g., when using stock photos w/o the book cover on them) OR the creative is not tonally congruent with the book page (e.g., they click expecting a dark romance and get a rom-com instead)
3. A placement issue (all placements selected at Ad Set level instead of News Feed only)

#### Facebook Copy & Images

I almost always start with the blurb and a square image with the book cover on it (usually the cover overlaid on top of the cover background w/o the text, if available). I also test a horizontal version.

Other images to test:

1. Book cover on stock photos
2. Book cover on black and white version of cover background w/o text
3. Book cover on different cover backgrounds from the series (i.e. if I'm advertising Book 1, I might try Book 1's cover on the Book 2 cover background)
4. Images w/o book cover (when using something w/o the book cover, use a headline that makes it clear it's a book + a book excerpt as the copy)
  - a. Book cover backgrounds w/o text (no cover)
  - b. Stock photos (no cover)

For copy other than the blurb test:

1. Excerpts (these work the best by far, would make this the focal point of your testing as they give you an unlimited reserve of options)
2. Review Quotes (these can also be effective)
3. Teasers
4. Taglines

# BOOKBUB BEST PRACTICES & PROCESS

## Platform Strengths & Weaknesses

- Strengths
  - **RESPONSIVENESS:** ads go live and start spending within 10 – 15 minutes, can scale ads that are performing well midday in real-time (not really possible on Amazon or Facebook, where any scaling will likely only impact the following day)
  - **CONSISTENCY:** whether you give BookBub \$5 or \$50/day to spend, it will spend so long as the targeted audience(s) are large enough and aren't exhausted
  - **SIMPLICITY:** interface has the fewest options, making it simple to launch and manage ads
  - **SUPPORT:** can contact support with problems and get a helpful response
  - **COMPLIANCE:** books that cannot be advertised on Facebook or Amazon may be eligible on BookBub as their content policies are more lax
  - **GENRES:** have had best success in thriller / mystery, sci-fi, and fantasy; romance tends to be more hit or miss.
- Weaknesses
  - **LEARNING CURVE:** brutal initial learning curve where you can spend hundreds of dollars and get horrific results (0% CTRs, \$5 clicks). This turns most people off BookBub Ads, even though the *actual* learning curve to get good in both financial cost and hours is by far the lowest of the three platforms.
  - **TIME:** testing audiences and making creatives is time-consuming, with BookBub taking the most time out of the three platforms management-wise (if you have an equal skillset with all three; getting good at Facebook + Amazon takes much longer).
  - **SCALABILITY:** BookBub is a much smaller platform than either Amazon or Facebook, which makes scalability limited in comparison. Time-sensitive campaigns for a launch or promo will probably cap out at around \$4,000 in spend in Amazon US in a 30-day period while maintaining reasonable performance. For backlist, running ads at higher budgets than \$30/day requires constant babysitting / refreshing and is not realistic for most books.

## BookBub Best Practices

- **BIDDING:** CPM for time sensitive campaigns and scaling smoothly; CPC can be potentially useful for backlist, but CPM works fine here, too.
- **TARGETING:** test one author at a time and narrow by your genre(s); never target genre alone; can aggregate authors together once they're tested and confirmed to be effective audiences, but aggregation can be hit or miss. Can run individual authors by themselves to sell books once you've confirmed an audience works via testing.
- **RETAILERS:** Amazon US for testing, then roll out successful ad creatives and audiences to other regions/retailers. Alternatively, for wide books can begin tests with

non-Amazon retailers/regions, as sometimes these will perform well for certain audiences while Amazon US performs terribly.

- **KEY STATS:** CTR (looking for 2 – 3%+) and CPC (conversion tends to be fine)

### BookBub Process

1. Test one ad creative to three audiences (one audience per ad, so three separate ads). It is critical to test audiences individually whenever possible.
  - a. **RETAILER:** Amazon US only
    - i. If you're wide, you can test by targeting all retailers/regions EXCEPT Amazon instead. Many audiences that perform poorly when targeting Amazon US can be useful if you target the other retailers/regions. Most audiences are too small to test individually when targeting wide retailers; if an audience is large enough, however, test it individually. If not, test them in groups of 3 – 10, depending on size.
  - b. **BUDGET:** Initial budget of \$5 per ad.
  - c. **CPM:** Make sure the CPM bid is consistent across the tests—higher CPMs (\$15+) produce higher CTRs than lower CPMs (e.g., \$10), so if you change the CPM then the CTRs between tests will not be comparable.
  - d. **AUDIENCES:** If possible, start by testing authors running BookBub Ads (subscribe to the email in your genre, open it every day, and make a note of the author running that day's ad).
  - e. **TARGET CTR:** Looking for ads with CTR of 2%+ for a paid book (5%+ for a free book).
    - i. If an audience returns a 2%+ CTR, increase its budget from \$5 to \$8 - \$20 to confirm that the results hold over a larger sample size. More data = more reliable data, but obviously costs more.
    - ii. If none work, scrap the creative and restart with a new creative to three new audiences. Repeat until you find an audience and creative that works.
2. Once you have a winning audience, test three new creatives to that winning audience.
  - a. Increase the test budget for any creatives that return a 2%+ CTR from \$5 to \$8 - \$20 to confirm that results hold over a larger sample size.
3. Then use the best creative to test as many audiences individually as needed (usually 30 – 100+; and no, that's not an exaggeration—if you end up running a lot of BookBub Ads, you'll end up testing hundreds of audiences over the course of a year).
  - a. If an audience returns a 2%+ CTR, increase its budget from \$5 to \$8 - \$20 to confirm that the results hold over a larger sample size.
4. Take your best creative and run it to an aggregate audience of all authors who returned a 2%+ CTR after \$8 - \$15 in test ad spend OR keep individual audiences running as-is (e.g., just scale up the original test ads).
  - a. **CPM:** Use a \$15+ CPM bid.
  - b. **BUDGET (aggregate):** \$30 - \$50 initially to confirm that performance is replicating, then give it more according to whatever you want to spend.

- c. Aggregation is easier to manage and scale, but can cause CTR to plummet. Running audiences individually is harder to scale + more time-consuming to manage, but major drops in performance are easier to isolate and identify.
  - d. Recommend splitting aggregate audiences according to performance tiers: have one that's your 3%+ audiences, one that's your 2 – 3%. Give more budget to the better performing aggregate audience(s).
  - e. Test multiple different creatives to your best performing aggregate audience to see if you can improve performance.
  - f. Run separate ad(s) for Amazon UK with the best performing creative(s) to the best performing aggregate audience(s)
  - g. Run separate ad(s) for Amazon CA + AU together with the best performing creative(s) to the best performing aggregate audience(s)
  - h. Can split out non-Amazon campaigns by retailer (e.g., one campaign for all Kobo regions, one for all Apple Books regions etc.) or aggregate all non-Amazon retailers + regions together in a single ad, then turn off poor performers over time. Regardless of your choice here, strongly recommended to aggregate your best performing audiences (rather than trying to run ads to individual author targets) when running ads to other retailers, otherwise audience sizes will usually be too small.
5. Scale ad spend. BookBub spends extremely fast, especially at high CPMs, so only enter amounts that you're willing to pay.

You can test more than three audiences or creatives at a time to go quicker (I basically always do this, especially with audiences). The downside is that if you test one bad ad creative to seven audiences or ten audiences, you've burned more money *and* you may have accidentally ruled out some audiences that would have proved effective with a better creative. Thus, this is not something I recommend until you have a solid grasp of the testing process and have an effective creative template or two.

### **FOR BACKLIST SPECIFICALLY**

Use the same process as outlined above, but don't scale the daily spend high unless you want to burn out your ads quickly. The daily spend threshold will vary based on genre and audience size, but likely caps out at \$5 - \$30/day if you want to run the ads in a semi-evergreen capacity (e.g., keep them running with minimal maintenance for a month).



# AMAZON BEST PRACTICES & PROCESS

## Platform Strengths & Weaknesses

- Strengths
  - **SCALABILITY:** can spend \$5 - \$2k+ per day
  - **TRACKING:** can analyze, down to the keyword, what's producing sales and page reads and performing best
  - **DATA:** reporting and data give you a window into your book's conversion, competition, best author comps, and a host of other insights into how Amazon itself sells books
  - **IMPRESSIONS:** only charged for clicks, not impressions, so get free bonus branding just by running ads
  - **GENRES:** thriller and mystery the best, sci-fi / fantasy second, romance extremely hit or miss due to very high CPCs in US (potentially \$1+)
- Weaknesses
  - **PREREQUISITE SKILLS:** while it's possible to run lower spend Amazon Ads without Excel knowledge, to scale and optimize campaigns efficiently, solid Excel (or Google Sheets) skills are critical.
  - **SCALING:** tricky to scale spend for most books, as ads are often hesitant to spend or do so inconsistently. Scaling *profitably* is even more difficult. If a book is selling well already or converts well via Amazon Ads, then scaling tends to be considerably smoother and more straightforward.
  - **RESPONSIVENESS:** daily ad spend is unpredictable immediately after launching the ads, even with high bids and budgets; could spend \$200/day immediately, could spend \$2 for the first week and then gradually increase (or stay put). In some instances, it can be difficult to get the ads spending money at all. This makes Amazon Ads difficult to rely on for time sensitive promotions and launches. If a book is selling well already or converts well via Amazon Ads, then the ad budgets tend to be much more responsive to increases.
  - **SPEND CONSISTENCY:** Amazon spends often fluctuate dramatically from day to day, even once the ads start serving more. If you budget \$50/day, you might spend \$50, or you might spend \$26, then jump back to \$40 the next day. If a book is selling well already or converts well via the ads, then the daily ad spend tends to be significantly more consistent.

## Amazon Best Practices

- **NAMING CONVENTION:** critical for being able to identify campaign targeting and search for specific books / series on the dashboard
  - Series / Book # / Bid (optional) / Campaign Type / Bid Modifiers
    - DBH1 51c AUTO = auto ad bidding 51c for first book in Demons and Bounty Hunters series
    - EHBOX 71c ASIN U/D T25 = ASIN ad bidding 71c using up and down and a 25% top of search placement modifier for Eden Hunter box set

- RCALL SELF = self-targeted ad with various bids targeting all books in Ruby Callaway series
- **GOALS**
  - **LOSS LEADER:** running ads and search terms at a loss, even when accounting for sellthrough. Aim is to generate as much visibility as possible to either trigger an organic halo effect from Amazon's algorithms or aggressively build a fanbase that will pay off for future releases in the series.
  - **BREAKEVEN:** running ads and search terms at breakeven when factoring in sellthrough to make money from the organic algorithmic halo effects and / or to build your fanbase.
  - **PROFITABLE:** only running ads and search terms that are profitable when factoring in sellthrough.
  - I'd recommend most people focus on making sure their ads are profitable, with the exception of high sales + read volume keywords that can be worth running at breakeven or even a small loss due to the organic halo effects. Additionally, during a launch situation, you may choose to run the ads at a loss as a way to buy visibility to support the launch.
- **BIDDING:** start with Dynamic Bids Down only (default) or fixed. Fixed is useful if the ads aren't serving, since Amazon's bidding algorithm will decrease your bid with down only when it determines you have a lower chance of converting. So that can throttle the ad's serving. Can use Dynamic Up and Down when trying to scale aggressively or for your most profitable search terms.
  - Dial your bids in for your best performing search terms and highest sales + read volume terms as you get more data according to their Revenue Per Click (RPC).
  - Difficult to generate significant impression and click volume with keyword and ASIN ads for competitive terms in some genres without bidding \$1+ (e.g. romance or crime/mystery/thriller). If your book isn't profitable at high bids, don't force things.
  - Category and auto ads often produce cheaper clicks on search terms that would cost you significantly more via ASIN or keyword targeting.
- **REGIONS:** US to start, UK later if you want to run ads there or US bids are too expensive. Start in UK if book has UK regional tie-ins. Can run ads in regional stores (e.g., DE) if you have translations in that region's language available.
- **TARGETING:** ASINs, book and series titles, author names, series / character names, genres, related keywords (e.g. magic, werewolves, New York). Mine Search Term Reports for terms and ASINs that have converted that you haven't thought of / tested yet.
- **COPY:** can write copy or just use the Standard (no copy) option. Copy does not make a significant difference in performance. Your cover impacts CTR and overall ad performance far more.
- **NEGATIVE TARGETING:** improves efficiency of your ad spend by eliminating irrelevant or poorly performing terms. Use these for your auto, category, and broad match

keyword ads. Essential to optimizing and improving the performance of your Amazon Ads.

- **NEGATIVE PHRASE:** prevents your ad from appearing for a search term or phrase as well as variants that include that entire term or phrase. Generally recommended to use this unless you want to negative something extremely specific (in which case you'd use negative exact).
  - E.g., negative phrasing "romance" means that your ad will no longer appear for any searches including the word romance, i.e., "best romance books," "romance in prime reading," or "hot werewolf romance."
  - If you negative phrase "urban fantasy," you'll still appear for searches like "urban" or "fantasy," but wouldn't appear for "urban fantasy" or "best urban fantasy" or "urban fantasy books."
- **NEGATIVE EXACT:** prevents your ad from appearing only for a specific search term or phrase.
  - E.g., negative exacting "urban fantasy" means that someone typing in "urban fantasy" won't see your ad, but someone searching "fantasy" or "urban fantasy books" *will* still see the ad.
- **NEGATIVE ASIN:** most precise, prevents your ad from appearing on that specific book *and* format (e.g., entering B000WH7PLS as a negative ASIN would prevent the ad from showing up for the eBook version of Jim Butcher's *Storm Front*)
- Build a negative list of irrelevant and poorly performing terms over time that you enter whenever creating new auto, category, and broad match keyword ads. For example, I negative phrase the following terms in almost every campaign, as they can waste 5 – 20% of a campaign's ad spend with little return:
  - Free
  - Audiobook
  - Audible
  - Audio
  - Prime
  - Find genre specific terms on your Search Term Reports. E.g., if you write contemporary romance, you might find "paranormal" showing up as a search term generating clicks. You'd want to add this to your negative list.
- **KEY METRICS:** CPC, RPC (revenue per click)
  - CTR is a rough gauge of relevancy, but terms with low CTRs can still convert well / be profitable. CTR is heavily impacted by where an ad for a term is shown (e.g., top of search will have a much higher CTR than on the product page). The dashboard doesn't split out what placement a search term appeared for, so you don't know if a term's CTR is due to higher / lower relevance or just a different placement.
  - ACOS is a highly inaccurate measure of an ad's performance if you're in Kindle Unlimited since it does not factor in KENP, so I tend to use it only as a ballpark estimate at extremes (e.g. 1200% ACOS = potential red flag, but still need to analyze actual RPC numbers to confirm).

- Note that the Amazon Ads dashboard's stats are not real-time, so it can take 3 days for certain metrics to finalize and up to 14 days for sales and KENP data to finalize. The metrics are relatively stable within 48 – 72 hours, however (e.g., August 1's numbers will be fairly stable by August 3 or 4).

### Amazon Campaign Structure

- **RESEARCH (1)**: also referred to as “discovery” campaigns. These cast a wide net to find new search terms that are effective targets:
  - Auto Ads
  - Category Ads
  - Untested keywords (broad match)
  - Untested ASINs
- **CONVERSION (2)**: also referred to as a “sales,” “winners,” or “performance” campaigns. These are ads containing your best performing keywords and ASINs by revenue per click, (RPC) and highest volume sales and page read generating terms. You find these via your Research campaigns. Sometimes the most profitable and highest volume terms are the same; other times your highest volume terms may be significantly less profitable on a pure numbers basis. However, due to the halo effects of organic visibility, these high volume terms could be producing significant organic visibility as a byproduct of selling a lot of books.
  - Best performing / highest volume keywords (broad and / or exact match)
  - Best performing / highest volume ASINs
  - Single Keyword or ASIN campaigns (SKAC): breaking your best performing / highest volume keywords or ASINs out into their own individual campaigns so you can micro-manage bids and budgets. Can be literally a single keyword, or a handful of very tightly related keywords (e.g., Lee Child and Jack Reacher in the same campaign). Only use SKACs for search terms that have massive search volume and generate a large # of orders / reads, otherwise not worth managing individually (lot of work).
- **SELF**: split out your own terms (also called “branded” terms) like book ASINs, your author name (and misspellings), and series titles into its own campaign. Negative target your own terms in auto / category ads to make analysis of their actual performance easier, otherwise your own terms will skew the numbers in these ads favorably.
- In the beginning, campaigns will be 100% research since you don't know what targets perform well for a given book. This gradually shifts over time, with an aim toward around an 80/20 split between Conversion (80% of the budget) and Research (20%).
- It's key in the beginning to remember that you're *testing*. Biggest problem with Amazon Ads is people kill the entire campaign when it spends \$20 or \$30 and

performance isn't good. Need to analyze the data and eliminate ineffective search terms + pull out good performers to refine the ads over time.

- Note that Research campaigns can also be effective Conversion / Sales campaigns; they might actually be your *best* Conversion / Sales campaigns. This varies from book to book. Don't get hung up on nomenclature, just keep the underlying principle in mind: allocate the majority budget toward your best performing ads / search terms.

#### Amazon Process: Important Notes

Base the number of campaigns on your budget. Most authors aren't running high enough budgets to run all of these campaigns at once. If your budget is small for a book (\$5/day), then you'll probably only have one campaign. If your budget is higher (\$50 - \$100/day), you might launch three to five of the campaigns listed below. If you're running \$300+ per day, you might launch all of them (but you don't have to—more is *not* necessarily better).

The biggest two problems I see with people's Amazon Ads are:

- (1) **Too many keywords / ASINs in a campaign.** Think of each keyword or ASIN as its own little ad. Each term needs about \$5 - \$30 in spend (10 – 30 clicks) to analyze if it's working. If you spread this across 100 or 500 keywords, this would be an enormous financial outlay. But a few of those keywords inevitably hog the budget, so you won't even get data on most of the terms. Instead, if you start with 10 – 30 terms in a research campaign, then only add new ones to test as you pause non-performers and move good ones to the conversion campaigns, you greatly improve financial efficiency, ad performance, and testing speed.
- (2) **Too many campaigns / ad types.** You don't need to use every type of ad and targeting. You also don't need to create them all at once, even if you plan on using most or all of them at some point. Roll them out as necessary to scale up your spend or test new things, and only keep what's working.

These are two problems that are really one and the same: spreading your budget too thin / inefficiently to get enough data on what is and isn't working. By starting with a more manageable campaign structure and building your campaigns out over weeks and months only as needed, you'll get much better results.

I've spent ~\$200/day (\$6000/mo) in one region (US) on one book (*Drop Dead*) in a smallish-medium sized sub-genre (urban fantasy) with only seven ads, two of which were responsible for ~75% of the spend. Those ads, in order of spend from highest to lowest:

1. auto ad (60%)
2. category ad targeting dark fantasy (15%)
3. Rest: 25%
  - a. broad match keyword ad targeting urban fantasy authors
  - b. conversion ad targeting keywords
  - c. conversion ad targeting ASINs
  - d. category ad targeting urban fantasy

- e. self-targeted ad

Note that your spend distribution will often differ from book to book; your broad match keyword ad targeting authors might spend the most, with your auto ad spending very little. Similarly, the ad types (auto, categories, ASINs, KWs) you're running will differ; the list above is not a suggested starting point—it is unique to that title at that given point in time. The principle is what's important: don't run more ads or ad types than needed. If that's two, great; if it's twenty, that's fine as well. But more ads is not necessarily better, even if you're trying to scale.

Full Amazon Process

For **each Book 1** (can test / add box sets later) that makes financial sense to advertise, create the following ads.

First: set up a **tracking sheet** where you're tracking net series profit weekly. Can track additional metrics (sales, sales from ads, conversion etc.), but make sure you're tracking net series profit at minimum.

### 1. LEVEL 1: RESEARCH CAMPAIGNS

- a. Auto ad [enter your **negative KW** list]
  - b. Category ad with all relevant Kindle categories [enter your **negative KW** list]
  - c. Broad Match Keyword ad targeting 5 – 30 authors in your sub-genre [enter your **negative KW** list] (**I would start with this as your only research campaign if you're on a budget**)
    - i. A way to test faster when you want to test more keywords simultaneously is by running multiple test campaigns with different keywords. So Campaign A would have 10 – 30 broad match keywords, Campaign B would have 10 – 30 *different* broad match keywords, Campaign C would have 10 – 30 *different* broad match keywords, etc. As long as each campaign is testing different keywords, you can run essentially as many as you want in tandem to get the data faster. In reality this can be difficult to manage / analyze, and can get expensive if you're not paying attention and let things run too long. So if you want to go this route, I'd probably keep things to 5 – 15 total test campaigns running at a given time.
  - d. ASIN ad targeting 5 – 30 ASINs from Top 100, Also Boughts, or tightly curated Book 1s from your sub-genre (tightly curated means if you write an urban fantasy series starring a male protagonist, focus on the urban fantasy books with male protagonists. Branch out later.)
- ### 2. LEVEL 2: CONVERSION CAMPAIGNS: best performing and highest sales + read volume terms from your research campaigns
- a. ASINs
  - b. Keywords (broad or exact match; if broad match, enter your **negative KW** list)
  - c. Sponsored Brand Ad targeting best performing keywords or ASINs
  - d. Single Keyword or ASIN Campaign (SKAC): for ultra-high sales + impression volume terms

3. **SELF-TARGETING CAMPAIGN:** create a self-targeting campaign containing all the books + box sets in the series that targets your own author name + misspellings, series names, and ASINs. You can let the auto / category ads handle the self-targeting, but having a specific campaign gives you more control over the budget + much cleaner overall data, thus making analysis a lot easier + more accurate. Otherwise, you can get catfished by an auto ad that looks amazing, but it turns out 95% of its sales and reads are coming from your own terms, while the rest of the terms are performing horribly. When you do a self-targeting campaign for a series, make sure you negative target your own author name / book titles / ASINs in your auto + category ads.
  - a. I rarely use ad groups, but for the self-targeting campaign I use two:
    - i. Ad Group 1: ASINs
    - ii. Ad Group 2: Keywords for series names + author name + misspellings; I don't use keywords to target book titles, as these tend to be too generic and can trigger for books unrelated to your own.
  - b. Sponsored Brand ad (if running higher daily budgets)
4. **CAMPAIGNS FOR BOOKS 2, 3, 4, 5 etc.** (optional): if you have books that can be read in any order (a la Jack Reacher), you can roll out campaigns for these. In 99% of cases, you still want to focus on Book 1, however, as it's almost always the best performer (outside of romance, where Book 5 or 9 or whatever in a series of essentially standalones might be the best performer, and this idea is thus worth exploring more).
  - a. Note that if a latter title is a new release, you might choose to run ads to it during the launch to generate visibility / sell more copies.
5. **INITIAL BIDS**
  - a. **FASTER:** bid aggressively to get data quickly. Then dial in best performing terms according to revenue per click (RPC). [**my usual approach**]
  - b. **SLOWER:** bid low for your genre (e.g., \$0.31 for romance or crime) and then increase 5 – 10% every few days or every week until you're getting the number of impressions + clicks you want. Then dial in best performing terms according to revenue per click (RPC).
  - c. **UNUSUAL NUMBERS:** I always try to bid a cent or two above round numbers since people naturally gravitate toward 0s and 5s (e.g., \$0.62 instead of \$0.60)

After your campaigns are running, **once a week** optimize and prune keywords/ASINs:

**IMPORTANT:** Establish one day a week where you perform this process. I recommend Monday, since it's the start of the week and thus easy to remember, but *any* day works fine. If there's a gap of ten days one week, or only five the other, this is okay. *General* consistency is what's key here; doing the analysis and optimization compounds over time. Most people are unsuccessful with Amazon Ads simply because they don't consistently refine them.

Weekly is best in most circumstances; more frequent optimization is rarely better and will often *negatively impact* the results rather than improve them. If you're running larger budgets (\$300+/day = \$10,000+ a month), you potentially have enough data to perform this process

every 3 – 4 days instead of weekly if you want. But even then, you’ll often be better served doing this weekly.

1. ONE TIME ONLY: Schedule the Search Term report for the last 65 days, leaving off the most recent 2 – 3 days, to be auto-delivered to your email weekly on your ads day.
2. ONE TIME ONLY: mine your old ads that ran months or even years ago for keywords and ASINs that converted + performed well and add these to your RESEARCH campaign(s).
3. Analyze the Search Term Report using Revenue per Click (RPC):
  - a.  $RPC = [(Revenue\ Per\ Sale * Book\ 1\ Sales) + (Revenue\ Per\ Borrow * Book\ 1\ Borrows)] / Clicks$
4. Negative Target or shut off:
  - a. Keywords / ASINs that aren’t converting. My cutoff used to be no sales or page reads in 10+ clicks, which is equivalent to a 10% conversion rate. I now often aim for 20 – 30 clicks (3.3% - 5% conversion), which will cost more but give you more reliable test data.
  - b. Keywords / ASINs that *have* converted but have too low of an RPC to be viable targets. E.g., if a term is coming in at an RPC of \$0.32 and the CPC is \$0.96, then it’s better to shut off or even negative target than try to manage in most instances, since it will receive marginal or zero click volume at a \$0.32 bid.
  - c. Keywords that are clearly irrelevant. E.g., “paranormal” or “reverse harem” for a regular contemporary romance book.
  - d. [**optional**—I no longer recommend doing this, as it’s time-consuming and did not improve performance] Keywords / ASINs with no sales or page reads, 400+ impressions and lower than a 0.25% CTR (I do not care about the CTRs for category and auto ads; these will almost always be much lower because of their wide targeting—that’s fine)
    - i. Do not shut off terms with a low CTR that *have* sales or page reads. This is fine.
  - e. Actually look at the keywords in the Search Term Report (and ASINs, if there aren’t a ton showing up) you find via the 10 clicks and no sales + reads / 0.25% CTR (optional) cutoffs before negative targeting them. Sometimes very relevant terms have a bad run of 10 or 15 clicks and don’t convert, but these shouldn’t be permanently eliminated from your campaigns. If a term is relevant (e.g., “rom-com” for a romantic comedy), but is just having a bad run, I won’t negative target it. Your judgement should be the final decision maker.
5. Build a negative keyword list over time that you use for all existing and new auto / category / broad match keyword ads. If you write multiple books / series in the same sub-genre, the same negative keyword list is transferable across series on a 1:1 or nearly 1:1 basis.
  - a. Add this negative list to all these ad types that are currently running.
  - b. Then get in the habit of adding this list IMMEDIATELY after you launch one of these ad types to kill irrelevant / poorly performing terms from the start.



6. Note: for shutting off keywords / adjusting bids, the TARGETING tab is very useful for managing this part of the process.
7. Shut off any keywords or ASINs that have converted in your RESEARCH campaigns and move them to your CONVERSION campaigns:
  - a. If you're running a LOW BUDGET for that series (\$5 - \$10/day): any terms with 1 sale or read and an RPC above your target threshold
  - b. If you're running a MEDIUM BUDGET for that series (\$50 - \$100/day): any terms with 2+ combined sales and full reads and an RPC above your target threshold
  - c. If you're running a HIGH BUDGET for that series (\$300+/day): any terms with 3 - 5+ combined sales and full reads and an RPC above your target threshold
8. Increase bids on terms with room to scale (e.g., if I'm bidding \$0.62 on a keyword with a \$1.25 RPC, I could increase that to \$0.82 or \$1.02 to try to win more impressions + clicks).
  - a. Can look at Search Term Impression Share report to see what your impression share and rank for a given search term are compared to your competitors, and if there's potential room to scale.
  - b. Can adjust up / down or placement bidding to get more aggressive.
  - c. Can split out high sales + read volume search terms into their own single keyword campaigns (SKACs) to further calibrate bids. Only do this for terms with high search + sales volume, waste of time otherwise.
9. Decrease bids on terms that would be profitable or breakeven at a lower bid, but aren't currently profitable (e.g., if I'm bidding \$0.62 on a keyword with a \$0.47 RPC, I could decrease that to \$0.47 to try to run it in a breakeven capacity).
  - a. Can also turn these off if the breakeven bid would be too low to get enough impression + click volume to be worthwhile from a management perspective.
10. Add new keywords / ASINs to your RESEARCH campaigns to keep testing new terms as you identify additional author comps / targets or new books are released in your sub-genre.
11. Placement bidding: search for your best RPC and top sales + read volume keywords on Amazon or look at Top of Search Impression Share to see if you're appearing at top of search. Can adjust bids higher to win these. Adjust on a monthly basis.
12. Shut off any ads that remain significantly unprofitable after you've refined the keywords / ASINs using this process for a few weeks or months.
13. Repeat weekly.

#### 80/20 Amazon Process

The above process is fairly time-intensive. This is an alternative that cuts out the search term reports and a lot of the number crunching since it doesn't use auto or category ads. The downside is that this can be difficult to get spending, since those two ad types are often the most immediately responsive / scalable.

For **each Book 1** (can test / add box sets later) that makes financial sense to advertise, create the following ads.

1. Set up a **tracking sheet** where you're tracking net series profit weekly. Can track additional metrics (sales, sales from ads, conversion etc.), but make sure you're tracking net series profit at minimum.
2. **LEVEL 1 RESEARCH CAMPAIGNS:** 1x – 15x Broad Match Keyword ads targeting 5 – 30 authors in your sub-genre [enter your **negative KW** list for each campaign]. How many ads you start with here just depends on your budget and how fast you want to test.
3. **LEVEL 2 CONVERSION CAMPAIGNS:** best performing and highest sales + read volume terms from your research campaigns
  - a. Keywords (broad or exact match; if broad match, enter your **negative KW** list)
  - b. Single Keyword Ad Campaign (SKAC): for ultra-high sales + impression volume terms
  - c. Optional: ASINs of most popular books from your best performing / highest volume author keywords.
  - d. Optional, for scale with proven KWs and / or ASINs that have replicated their performance from the Research campaigns in the Conversion campaigns: Sponsored Brand Ad(s) targeting best performing keywords or ASINs
4. **SELF TARGETING CAMPAIGN:** create a self-targeting campaign containing all the books + box sets in the series that targets your own author name + misspellings, series names, and ASINs.
  - a. I rarely use ad groups, but for the self-targeting campaign I use two:
    - i. Ad Group 1: ASINs
    - ii. Ad Group 2: Keywords for series names + author name + misspellings; I don't use keywords to target book titles, as these tend to be too generic and can trigger for books unrelated to your own.
  - b. Sponsored Brand ad (if running higher daily budgets)
5. **INITIAL BIDS**
  - d. **FASTER:** bid aggressively to get data quickly. Then dial in best performing terms according to revenue per click (RPC). [**my usual approach**]
  - e. **SLOWER:** bid low for your genre (e.g., \$0.31 for romance or crime) and then increase 5 – 10% every few days or every week until you're getting the number of impressions + clicks you want. Then dial in best performing terms according to revenue per click (RPC).
  - f. **UNUSUAL NUMBERS:** I always try to bid a cent or two above round numbers since people naturally gravitate toward 0s and 5s (e.g., \$0.62 instead of \$0.60)

Then, once a week, go in and:

1. Go and export the Excel sheet for each of your keyword campaigns.
  - a) Optional: Copy and paste all of them into a single sheet to calculate things all at once.
2. Do Revenue per Click calculations:  $RPC = [(Revenue\ Per\ Sale * Book\ 1\ Sales) + (Revenue\ Per\ Borrow * Book\ 1\ Borrow)] / Clicks$

3. Go to the TARGETING tab on the Amazon Ads dashboard to adjust bids / turn off keywords—easier to manage than hunting for a keyword in a half dozen campaigns, and also allows you to easily find duplicates.
4. Increase bids on high performing and high volume terms with 10 – 30+ clicks with room to scale (e.g., if I’m bidding \$0.62 on a keyword with a \$1.25 RPC, I could increase that to \$0.82 or \$1.02 to try to win more impressions + clicks).
  - a) Can look at Search Term Impression Share report to see what your impression share and rank for a given search term are compared to your competitors, and if there’s potential room to scale.
  - b) Can adjust up / down or placement bidding to get more aggressive.
  - c) Can split out high sales + read volume search terms into their own single keyword campaigns (SKACs) to further calibrate bids. Only do this for terms with high search + sales volume, waste of time otherwise.
5. Decrease bids on terms with 10 – 30+ clicks that would be profitable or breakeven at a lower bid, but aren’t currently profitable (e.g., if I’m bidding \$0.62 on a keyword with a \$0.47 RPC, I could decrease that to \$0.47 to try to run it in a breakeven capacity). Can also turn these off if the breakeven bid would be too low to get enough impression + click volume to be worthwhile from a management perspective.
6. Keep a list of things you’ve tested so that you don’t constantly go over the same ground over and over.
7. (optional) transfer terms from RESEARCH campaigns to new CONVERSION campaign or repurpose one or multiple of the test campaigns as CONVERSION campaign(s) to build on existing sales history / momentum.
8. Add new test keywords to your RESEARCH campaigns.
9. Placement bidding: search for your best RPC and top sales + read volume keywords on Amazon or look at Top of Search Impression Share to see if you’re appearing at top of search. Can adjust bids higher to win these. Adjust on a monthly basis.
10. Repeat weekly.

### Amazon Troubleshooting: Impressions

If your ads are getting no or very few impressions, it’s usually one of six problems:

1. Bid isn’t high enough (far and away the most common reason)
2. Down only or up/down bidding is throttling the ad serving; try fixed bids instead
3. Targeting isn’t relevant
4. Target term doesn’t have high impression volume (e.g. if you target a book ranked 100k in the Kindle Store, your bid might be high enough and it might be relevant, but less than 10 people are likely visiting that book’s page a day).
5. If 1 – 3 aren’t the problem, then ad or target term potentially never got any momentum. Try with a completely new ad.
6. Ad has been rejected. With ad groups, an ad will show as “delivering” on the main dashboard, but when you click into the ad itself, it’ll say “suspended” next to the book.

## TARGET METRICS

### Facebook CPCs

CPCs rise as you spend more due to ad and audience fatigue. For maximum accuracy, make sure you're looking at Unique Outbound CPC rather than Cost Per Result (cost per click).

CPCs below are for a full price book that's either wide or Free in Kindle Unlimited. Truly free books can generate CPCs about 30% - 40% lower than the stated ranges.

A higher CPC than the stated range does *not* mean that your ads are bad or unprofitable. These are just rough guidelines; there are many, many exceptions. **Net profit** is always the most important metric.

- Cheapest: Romance (sub \$0.10 possible, aim for \$0.15 - \$0.25 @ \$50+ daily ad spend)
- Middle: SF/Fantasy (\$0.15 - \$0.25, aim for \$0.25 - \$0.30 @ \$50+ daily ad spend)
- Most expensive: action/adventure/thriller/crime (\$0.25+ generally expected, aim for \$0.25 - \$0.50 @ \$50+ daily ad spend)

### BookBub CTRs

These are for Amazon US. CTRs for ads serving to other regions/non-Amazon differ and are usually higher:

- Paid book (any price) to Amazon US: 2 – 3%+
- Free book to Amazon US: 5%+

Base your target CTR around your goals; lower CTRs may still be acceptable if the CPC is within your target range.

### Amazon CTRs

CTR is a rough gauge of relevancy. E.g. if you put your epic fantasy book in front of non-fiction readers, CTR is going to be low. But terms with low CTRs can convert well / be profitable. CTR is heavily impacted by where an ad for a search term is shown (e.g., top of search will have a much higher CTR than on the product page). The dashboard doesn't split out where a search term triggered an ad, so you don't know if a term's CTR is due to relevance or just a different placement.

I used to turn off ASINs or keywords below 0.25% CTR that had 400+ impressions and no sales or reads (I always ignored category / auto ad CTRs, since those are broadly targeted and their CTRs as such skew lower). But I don't make decisions based on CTR anymore. CTR does, however, impact a term's scalability in that if you only get 0.10% CTR for a given search term, that means you need 1000 impressions to produce just 1 click. There are a limited number of impressions available, so that term is unlikely to generate a lot of sales, since even with 10,000 impressions a day (300,000 a month) it's only generating 10 clicks. Whereas a term with a 0.50% CTR would need only 2000 impressions to produce that same 10 clicks.

## Conversion (All Platforms)

Conversion Benchmarks	CV % (Free)	CV% (99c)	CV% (\$2.99)
Facebook	15 - 25%	5 - 8%+	0 - 5%
BookBub	-	5 - 10%	1 - 5%
Amazon Ads	-	5 - 12%	3 - 8%+

Conversion can be higher than stated in the table above with Amazon Ads if you focus on your best performing search terms. Conversion used to be higher on BookBub at 99c for single books, but has tailed off significantly from regularly being 10%+ in 2019 / early 2020 to hovering in the 5 – 6% range as of late 2021. It will be substantially higher for a 99c box set, however—potentially up to 12 – 15%.

## Sellthrough

1. **Sales:** 35% – 50% for a \$2.99+ Book 1 to a full price Book 2.
2. **Sales:** 15 – 20% for a \$0.99 Book 1 to a full price Book 2.
3. **Free:** 1 – 5% from a free Book 1 to a full price Book 2.
4. **Kindle Unlimited page reads:** 50 – 60% for Book 1 to Book 2.

Sellthrough will vary based on genre. Series which must be read in order will typically have higher sellthrough than series that can be read as standalones (a la Jack Reacher or Alex Cross). If you're seeing sellthrough numbers 10%+ higher than those above (e.g., coming in at 70% or 80% from full price Book 1 to Book 2), the cause is likely one of three things:

1. **Cliffhanger:** this is the most common reason for actual high sellthrough (e.g., not miscalculated).
2. **A unicorn book:** possible—in which case, look into scaling your ad spend or extending the series.
3. **The numbers were calculated incorrectly:** this is the most common reason for “higher” than normal sellthrough. This could be due to a small data sample, from a promo putting its finger on the scale (e.g., a free run from a couple weeks’ prior “boosting” sellthrough), Prime Reading on Book 1 “boosting” the sellthrough numbers, advertising Book 2 heavily instead of Book 1 (thus selling more copies of Book 2), and so forth.