

AMAZON ADS

(ALMOST) EVERYTHING YOU NEED to
KNOW ABOUT AMAZON ADS (for
ROMANCE)

ABOUT ME

- Managed 7-figures in Amazon Ad spend for authors in a variety of genres
- Have run marketing campaigns for multiple romance books that have hit #1 in the store
- Have worked with multiple six and seven-figure romance authors
- Have taught other people the processes you'll learn in this class

SLIDES

nicholaserik.com/everything-az-romance-slides

FOUNDATION

WHAT MAKES AMAZON ADS DIFFERENT?

- Amazon is not an ad platform, it's an eCommerce site.
- This means the ad auction will favor spending to books that are already selling
- Ads with a longer history (e.g., proven conversion track record) will often serve more smoothly and can receive a slight CPC discount in the auction (5 – 10%)

HOW ACCURATE IS THE AMAZON AD DATA

- 90 – 95% accurate
- Sales take 2 – 3 days to stabilize; page reads take 4 – 7 days to stabilize
 - E.g., sales data from Dec 1 will usually be stable enough to analyze on Dec 3 or 4; reads data would be stable enough on Dec 5 – Dec 8
- Page reads are not necessarily attributed to the day the actual borrow occurred; e.g., someone can borrow the book Dec 3, but starting reading on Dec 5, then read more on Dec 8 etc. So the page reads will often be distributed across different days as they read through the book and their device syncs with Amazon.
- If you have a long box set (1500+ KENPC) then less, since not all reads will be tracked during the 14 day window

ELEMENTS OF AN AMAZON AD

TRACK

TRACKING

1. Monthly: track your final revenue (royalty deposits) and expenses for official tax accounting purposes.
2. Daily or weekly: ad profitability tracking sheet (weekly is easier for people to adhere to, and what I'd recommend)
3. Launch tracking sheets for the first 30 days of a launch
4. Tracking spreadsheet for tracking your Amazon keywords, ASINs and other targets
5. The fifth and final key is a swipe file (spreadsheet or folder on your computer) where you save ads and marketing materials that catch your eye from other authors to act as inspiration / generate ideas for your own marketing.

nicholaserik.com/tracking

AMAZON TRACKER

[illegible]

Basic version: nicholaserik.com/tracking

REVENUE PER SALE (RPS)

- **Revenue Per Sale (sellthrough):** total value of a sale of Book 1 when factoring in sellthrough to rest of series
 - Calculate RPS and RPB on a region-by-region basis
 - Want data to be stable for the time period we use to calculate this—no launches / promos / price changes of Book 1
 - Recommended to omit box sets from the series revenue—tends to skew the data
 - Total series sales revenue / Book 1 eBook sales
 - \$10,421 series sales revenue / 1034 Book 1 eBook sales = \$10.08 revenue per sale

REVENUE PER BORROW (RPB)

- **Revenue Per Borrow:** total value of a borrow of Book 1 when factoring in readthrough to rest of series
 - Total series KU revenue / Book 1 borrows
 - Book 1 Borrows = Book 1 Page Reads / Book 1 KENPC
 - KENPC is the # of Kindle Unlimited pages in the book; you can find this by going to the book on the KDP dashboard, clicking the “...” next to it and selecting “KDP Select Info” and scrolling to the bottom of the page.
 - \$8,711 series KU revenue / 1126 Book 1 Borrows = \$7.76 revenue per borrow

BENCHMARK

BENCHMARKING

- **A/B Testing:** isolating the impact of a single variable by changing just one thing at a time
- Most people start random ads for each book
- By starting the same ads for each book, this gives you a common point of comparison that you can use to **benchmark** performance.
 - You can run additional ads at the start, or later. You just always run certain ad types.
- Having a standard set of go-to campaigns also streamlines the ads management, where you get more efficient at running the ads (more repetition = more practice) and cuts down on rumination regarding “what ads should I run?”

TWO CAMPAIGNS

1. Author keyword ad with 10 – 20 keywords using broad match (e.g., keywords like “Lee Child” or “Nora Roberts”)
2. Auto ad
 1. Turn off close match
 2. Negative your own author name and ASINs
 3. Apply your negative list if you have one

TWO CAMPAIGNS

1. Author keyword ad with 10 – 20 keywords using broad match (e.g., keywords like “Lee Child” or “Nora Roberts”)
 1. (optional) to improve accuracy, turn off keywords after they hit 15 – 30 clicks (depending on how much data you want).
 - I usually aim for 30 clicks in the US / UK for larger genres (romance, thriller); 20 clicks in smaller genres (e.g., urban fantasy)
 - I usually aim for 15 clicks in other regions since these have less click volume available (e.g., Germany, France, Italy etc.)
2. Auto ad (optional)
 1. Turn off close match
 2. Negative your own author name and ASINs
 3. Apply your negative list if you have one
 4. 200 clicks is usually enough data for this campaign.
3. Run each campaign to 200+ clicks. This will cost \$150 - \$200; if you want more data, then you can spend a bit more. More data = more accuracy.

SETUP

ANALYZE

THE 3 AD STRATEGIES

- Your ad strategy dictates whether an ad is a winner or loser.
- Your strategy can change on a series by series basis
- **Profitable:** aiming to make a direct profit from the ads; not worried about algorithms or building fanbase
 - Revenue per click - cost per click is profitable
 - Target cost per unit is **less than** lower of RPS and RPB
 - Cost per unit = ad spend / units OR CPC / conversion
- **Breakeven:** aiming to breakeven with the ads and make profit from algorithms and / or build fanbase
 - Revenue per click - cost per click is breakeven
 - Target cost per unit is **less than or equal to** lower of RPS and RPB
- **Loss leader:** losing money on the ads and aiming to make profit from algorithms and / or build fanbase
 - Revenue per click - cost per click is negative
 - Target cost per unit is **higher than** RPS and RPB
 - Your target cost per unit or profit per click depends on how much you're willing to lose
 - Not recommended outside of a launch scenario (e.g., getting help from algorithms)

KEY ANALYSIS METRICS (OR, WHY CPC DOESN'T MATTER AS MUCH AS YOU THINK)

Your four most important analysis metrics are

1. **CPC:** ad spend / clicks
2. **Conversion**
 - **Sales:** sales / clicks (if wide / selling direct)
 - **Total conversion:** (sales + borrows) / clicks (if in KU)
3. **Revenue per click (recommended when you have accurate RPS and RPB values)**
 - Revenue per click = total projected revenue / ad clicks
 - Total projected revenue = (RPS * sales) + (RPB * borrows)
4. **Cost per unit (use when you don't have accurate RPS and RPB values, e.g., a brand new series or a box set)**
 - **Cost per sale:** spend / sales OR CPC / sales conversion (if wide / selling direct)
 - **Cost per unit:** spend / (sales + borrows) OR CPC / total conversion (if in KU)

Revenue per click and **cost per unit** are your main analysis metrics. These give you a common benchmark, so you can compare apples to apples across different ads (you can even use them to compare the performance of different ad platforms).

Cost per unit incorporates both CPC and conversion, giving you a complete view of how the ad is performing.

Revenue per click goes a step further, incorporating CPC, conversion *and* sellthrough / readthrough.

ANALYSIS WALKTHROUGH

TEST, OPTIMIZE, SCALE: WHAT NEXT?

WHAT NEXT?

- These are general guidelines, but it's impossible to prescribe a one size fits all solution. I would follow these first, then as you gain more experience + practice, you'll intuitively understand what the problem likely is.

TEST, OPTIMIZE, SCALE: WHAT NEXT?

- After you analyze your benchmark ads, you can:
 - Test Amazon page elements that impact conversion (if total conversion is a complete disaster, e.g., less than 5% for a \$2.99 book)
 - Blurbs
 - Covers
 - A+ content
 - Series titles / subtitles
 - Test different ad types / targeting (if conversion isn't good but it looks like the ads were responsible—e.g., the keyword ad got 90 out of 203 clicks for 2 targets that performed horribly)
 - Optimize the ads (if you have some targets that are converting at 10%+ for a \$2.99+ book)
 - Scale the ads (if you have tested / optimized already and cost per unit or revenue per click / profit per click are within your targets)
 - Move on to another book (if the metrics are bad enough where there's no hope / it'll be a grind to get them better, or if you've tested a bunch of things for that book already and can't get it working)
 - When encountering difficulty: 5 minutes more / 1 more rep mentality

TEST

SEQUENTIAL TESTING: PROCESS

- **A/B Test:** change one element on the Amazon page at a time to isolate its impact
 - Blurbs
 - Covers
 - A+ content
 - Series titles / subtitles
- **Ads:** two options
 - Keep your existing ads running
 - Turn existing ads off and start new ads of the same ad type
- **Analysis:** compare results using **cost per unit** or **revenue per click / profit per click**
 - I usually use **cost per unit** for analyzing test results for Amazon page elements. This is because it's easier to explain to people since more people are already familiar with it. And if ads are running on Facebook and / or BookBub, and I'm comparing data across platforms, my default analysis metric for those is cost per unit.
 - These will align 99% of the time. So use whichever method you prefer.

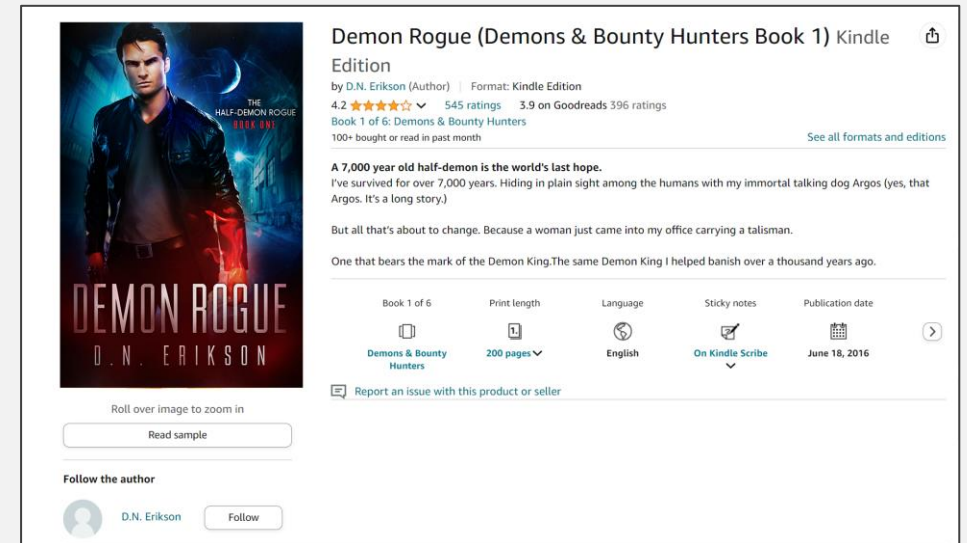
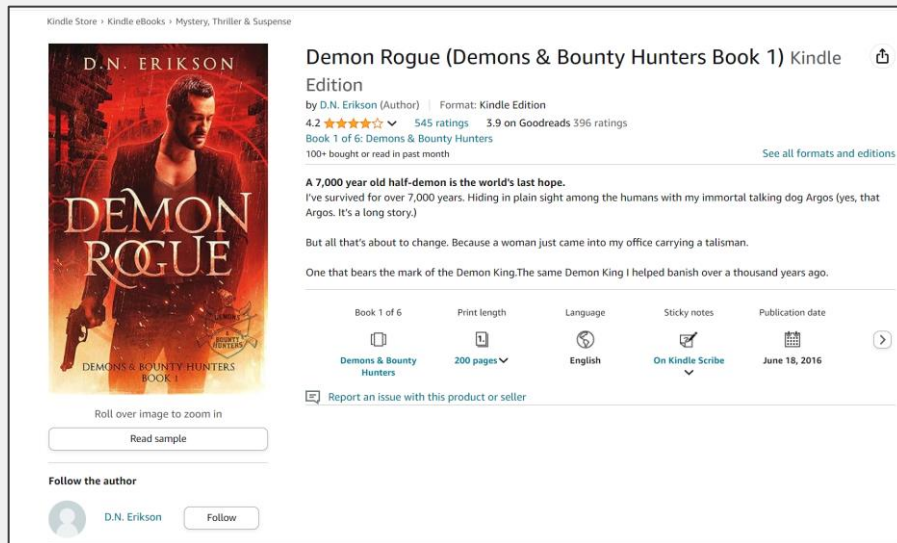
OPTION 1: KEEP YOUR EXISTING ADS RUNNING

- **Benefits**
 - Faster + easier (no additional setup)
 - No interruption in ad spend where ad spend is lower as new campaigns find their footing
 - Continue to build on campaign history
 - Same campaigns means same campaign history so similar targeting behavior / learning which makes the test results more of a 1:1 comparison
- **Downsides**
 - Page read bleed (up to 25% of page reads can be attributed after the day the person clicked / borrowed the book
 - Ex. Cover A is up from Dec 1 – Dec 15. Switch to Cover B on Dec 16, keep same ads running. Someone could have borrowed the book on Dec 15 (e.g., converted for Cover A). But those reads could be attributed on Dec 17, Dec 19, etc. thus making it appear that the conversion occurred for Cover B.

OPTION 2: START NEW ADS

- **Benefits**
 - No page read bleed so cleanest conversion data possible.
- **Downsides**
 - Can cause dips in spending as new ads get up and running
 - Usually takes longer because new ads usually take at least a few days to match spend of the old ads
 - New ad targeting might not be a 1:1 match to previous ad targeting due to campaign history / learning (particularly with auto ads and Kindle Category ads)

SEQUENTIAL: EXAMPLE



Changing **one** element only to isolate its impact
(cover)

RESULTS

Test	Start	End	Spend	Clicks	Sales	Reads	Borrows	Units	CPC	Tot CV	CPU	RPC
HDR AZ Cover Test 1: All Ads	2024-04-01	2024-04-14	\$ 134.31	136	6	940	3	9	\$ 0.99	7.0%	\$ 14.15	\$ 0.35
HDR AZ Cover Test 2: All Ads	2024-04-15	2024-04-30	\$ 132.71	135	4	721	3	7	\$ 0.98	4.9%	\$ 19.87	\$ 0.25

Winner: Cover 1

Using cost per unit: **\$14.15** v. \$19.87 (\$5.72 cheaper)

Using revenue per click: **\$0.35** v. \$0.25 (\$0.10 higher)

OPTIMIZE

OPTIMIZATION: PROCESS

- This is just regular ads management
- Turn off poor performing campaigns, keywords, ASINs, etc.
- Move winning keywords and ASINs from your L1 testing campaigns to your L2 winners campaigns
- Dial in bids using revenue per click (recommended for books where you have accurate RPS and RPB numbers) or target cost per unit
- By doing this over time, you allocate more money toward your best performing campaigns (winners)

CAMPAIGN STRUCTURE: L1 AND L2

- L1: test campaigns
- L2: winners campaigns
- Move best targets from L1 to L2 campaigns for organization + consolidate best performing terms (helps with spend being smoother / ads serving)

Note: I always refer to auto / category / Kindle category ads as L1. These can be winners; I just don't rename them.

SCALING THROUGH OPTIMIZATION

- \$100/day
 - Cost per unit is \$10
 - $\$100 \text{ spend} / \$10 \text{ cost per unit} = 10 \text{ units per day from the Amazon Ads}$
- Then you optimize by turning off poor performing campaigns, keywords, and ASINs, thus allocating more of the spend toward your best performers
 - Cost per unit is \$8 (20% less)
 - $\$100 \text{ spend} / \$8 \text{ cost per unit} = 12.5 \text{ units a day (25\% more)}$

AMAZON ADS CALCULATOR: DEMO

SCALE

OPTIMIZE, THEN SCALE

- Efficiency drops (CPCs increase, conversion decreases) as you scale because of ad fatigue as well as having to target less relevant things (e.g., Tier 3 and potentially even Tier 4 targets) AND / OR you have to introduce additional administrative complexity (more advanced tracking / software / management technique) / spend more time to continue scaling
- This means you need to test and optimize *first*, then scale. These two elements are the actual foundation of scaling. This is why most people can't scale; they skip these two parts.
- Scaling poor-performing ads will just lead to even worse performing ads that are now spending more money.

SCALING: PROCESS

1. **Test and optimize**

- Different Amazon Ad types / targets
- Elements on your book's page (blurbs, covers, A+ content, series titles / subtitle)
- Dial in your bids
- Turn off poor performing targets / campaigns and allocate more money to best performers

2. **Vertically scale**

3. **Horizontally scale to different books**

4. **Horizontally scale to different regions**

5. **Horizontally scale to Facebook**

Testing and optimization *always* comes first. **Do not skip these.** The other elements can be done in any order; this is just a general guideline to start with that helps prevent overwhelm.

VERTICAL SCALING

- Increasing your budget on a single ad platform for a single series (e.g., going from \$50/day to \$500/day)
- Easiest in theory, hardest in practice because CPCs rise and conversion rates fall as you increase the budget for a single title due to ad / audience fatigue
- Every book / series hits the **equilibrium point** where additional ad spend reduces profit.
 - Spending \$25 day, making a \$15 profit
 - Then at \$50 day, making a \$30 profit [**equilibrium point**]
 - And at \$75 day, making a \$20 profit (e.g., profit went down because additional ad spend was inefficient)

HORIZONTAL SCALING

- Spreading budget across multiple regions, books, platforms, and / or formats to reduce ad fatigue
- **Benefits:** lower CPCs, higher conversion rates, potentially much higher scalability (e.g., might have hit equilibrium point at \$50/day on Amazon, but FB + Amazon combine you can spend \$100 efficiently)
- **Downsides:** increases tracking complexity, takes more skill to manage, more testing, other regions / books / platforms / formats will perform differently (not necessarily better) so reduction in ad fatigue might be offset by poorer performance

People love humblebragging in groups about their \$2 ads running in Australia getting cheap clicks.

This is usually a pointless side quest (also: the page read rate is much lower in Australia and Canada than the US and UK).

Keep your main goal in mind. There is zero problem with running ads to these regions if it fits your strategy and is getting you a good return on time. Just don't get sidetracked by bullshit.

SIMPLICITY > COMPLEXITY

- Most people do not have the tracking systems to do all the advertising they're doing.
 - The more regions / books etc. you're advertising, the more complex tracking becomes.
- Most people do not test enough campaigns, keywords, or ASINs to have effective ones running to multiple series.
- Most people have not maxed out that region, that ad platform, or that format of the book before looking for other advertising opportunities

SUMMARY + IMPLEMENTATION

PRACTICE & IMPLEMENTATION

1. Just focus on Amazon Ads for next 90 days; put Facebook Ads on backburner (bare minimum to keep them running fine)
2. 15 – 30 minutes a day going through steps and learning process.
3. After, have a weekly ads day or two weekly ads days (if you're running a higher spend, or you want to do 1 for Facebook, 1 for Amazon)

80/20 SUMMARY

1. Set up your daily or weekly ad profitability tracking.
2. Set up your **Amazon Targeting Tracker** to track keywords and ASINs (standard or advanced version).
3. Calculate your series' **Revenue Per Sale** and **Revenue Per Borrow** (sellthrough and readthrough) and put them into the revenue per sale tracker for future reference (and also to easily use them with the templates in the 80/20 Amazon Ads course)
4. Determine which **Strategy** (loss leader, breakeven, or profitable) you want to use when running the ads for this book or series.

Download the tracking templates at nicholaserik.com/tracking. You'll find links and video walkthroughs to the various templates within the main template.

Ongoing

1. **Track** your ads' profitability daily or weekly (net profit) for each series you're advertising.
2. **Analyze** and **optimize** your ads during your weekly ad day using cost per unit or revenue per click. Dial in bids for your winners and turning off losing keywords / ASINs / campaigns
3. **Test** new keywords, ASINs, and other targets / ad types
4. **Test** Amazon page elements to improve conversion as needed
5. **Scale** your spend to the desired level, first **vertically** (increasing budget to a single book in a single region), then **horizontally** by running ads to other books, regions, and Facebook.

END