

Nicholas Erik (00:00:02):

Hello everybody and welcome to Amazon Ads, the top three Amazon ad killing mistakes and how to fix them. And I'm Nicholas Eric, for those of you who don't know me, probably most of you do. But I managed seven figures in Amazon ads for a variety of authors and have consulted with authors from a variety of skill levels, from beginner to advanced advertisers. And these mistakes are things that I see people of all skill levels make and actually had a bit of trouble chopping it down to the top three. So I included a fourth one, which we'll talk about as well. These aren't in any particular order, I think it just is dependent on how you've set up the ads. And so you may find that you're doing some of these things and then other things, you have all those dialed in, and so just choose whatever's relevant to you and address that and hopefully that will make the ads performance better.

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So let's get to the first one. And this one actually is the top mistake that I see people make. It's including multiple books in multiple formats in the campaign. And the problem here is that this does not get you accurate data and you can't refine your ads. You can't see what keywords, ASINs, whatever you're testing, you can't see how it's really performing and then make it better or know that you have to turn it off and adjust course and maybe run ads on Facebook or to a different book entirely. So we want accurate numbers from the dashboard and we will get those if we just include one book and one format of that book per campaign. But the issue here is that I'd say the vast majority of people don't do that, and there's a couple reasons why including multiple books in the campaign is going to make the stats look better because of the way the Amazon attribution and reporting works and it's seemingly more convenient and easier to, instead of having multiple ads for various books in your series, you just have one ad for that entire series with six books in it or eight books in it or however many books are in the series.

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The problem is that's not going to generate data that gives you an accurate read on how the ads are performing. And so then you can't take actions to correct and refine them. So what happens with multiple books is that the sales and reads can get attributed to a book in the campaign even when someone doesn't click on that particular book's ads. So say they click on book one, then they go on to read book two that sell through or read through will be tracked by the ad, meaning it'll show up with the reads and sales for that even if someone, that person didn't click on an ad for book two, there are potentially certain scenarios where you could use this to track sell through and read through. And if you're trying to get an idea of the sell through and read through from your ads, that could be a potential use case for including multiple books in the series in the same campaign.

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But in 99.9% of circumstances, you wouldn't want to do this because we're really trying to see what sales and reads our ads are generating not the sell through and read through to the rest of the series. And as we'll see in an example here, I don't think that the seltzer read through tracking is very accurate and I don't think that the system was really built for that. So that's not a criticism. I just will see in the data pretty definitively that it's probably not something that you want to do if you want accurate data. So budget, control and performance, certain books are going to perform better than others. Book one in the series, usually that's the best performer and I would start there with the ads. If you want to run ads to book two, then run 'em in a separate campaign. That way you can get clean data and you can control the budget and assess the performance.

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If book two performs better, great, then you know where to direct the budget and you have control over that. But if they're all in the same campaign, then you can't control that other than just turning book two or book three or whatever off. And so separate out the campaigns for each book, it's going to give you more control and better performance as well as of course more accurate data. And then sometimes people are

only advertising one book, but they throw in the paperback as well. So they have the ebook and the paperback version. You don't want to do this. Paperback is going to convert differently and it's going to have a different revenue per sale, which is analogous to sell through value. That's what you'll see that referred to in other materials. So you may make \$5 per sale of the ebook version. Maybe you make two bucks for the sale of the paperback because of the different pricing and the printing costs and everything else.

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So you wouldn't want to pay the same amount for a click on the paperback due to those factors. And there's no way to dial that in if you have both of those formats in the same ad. I wouldn't recommend advertising the paperback generally speaking, unless you're writing nonfiction, children's books or middle grade where paperback is much more popular. Usually the paperback ads aren't going to perform well and be worth testing, but if you do want to test them, then split it out into its own campaign so that you can see how it's converting, see the actual performance and then adjust things accordingly.

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Here's what the stats look like for more than one book, and this is for an author that I work with. And just for context, this is a self targeted ad where I'm not trying to optimize any of the bids, I'm not trying to dial in the performance or anything like that. I'm just trying to get it to self target the entire series. So in this case, I include all the books in the campaign. It's really the only scenario where I do this, but because I set up the self targeted ads this way, I have some data to show you why you don't want to do that for any other type of ad.

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And we have five bucks here. We have our normal type of orders and page reads and stuff like that where certain books are getting orders and page reads. Some of them have more than others, everything looks normal here. We can see at the bottom here we have book five. It has three orders and it has 1,535 page reads. You may say, okay, Nick, this book's in Kindle Unlimited, not really all that special that it's getting page reads. However, the book was on pre-order, so literally impossible for it to be borrowed in Kindle Unlimited at this time. So the ad is attributing page reads from a different book and it looked to me when I was looking through the data that it was from potentially book four, I couldn't really entirely sort that out just because it's not really possible to know, but it's, it's showing this book, having page reads and it literally can't have page reads at this point. So one book per campaign, really important one format of that book focus on the ebook unless you're writing children's middle grade or nonfiction and that's going to significantly help the accuracy of your campaigns.

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And we just talked about how to fix it. This is what this looks like where we just have one book in one format. I think mindset is really important here where particularly with the time saving aspect, people think that it's better to run ads to all the books and just get ads up mindset wise. You want to have the approach, it's a waste of time to do something wrong. It's also a waste of money and that usually the performance is going to be relatively inefficient and you're not getting any data that you can take action on. But if you don't want to set up the ads where you have just the one book in the one format and manage the ads that way, then that's okay. Focus your efforts elsewhere on writing the books or marketing the books in some other way. There's no need to set up the Amazon ads and toss everything into the ad campaign just because it feels like doing something is better than doing nothing. It's not going to be helpful and it's not going to help you sell more books at an efficient cost. You will sell more books usually if you advertise, but if you're spending a huge amount of money to do so because the ads aren't efficient, that's not usually what you want.

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And again, a huge part of the Amazon ads is refining the targeting, dialing in the bids. You can do that if you get accurate data because the data from the Amazon ads is remarkably accurate if you have one book in the campaign, but if you have multiple books in the campaign, you really can't optimize things. So second problem here, this is something that I see typically more advanced advertisers do or people who are spending more money. So it's not something that I usually see beginners doing, but people who have been advertising for a while, this is something that I see quite frequently and it's overspending on sponsored brand ads, specifically the product collection ads. And just for context, this is what the sponsored brand product collection ad is. It's those ads that you see at the very top of the search results they display in a couple more places, but this is the most prominent placement.

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Below this, we see sponsored product ads that are serving at the top of the search. So those are a different type of ad type. I would recommend focusing the majority or all of your budget on the sponsored product ads. We'll see why here in a moment. But one other thing we saw on this where this author is advertising using CJ Box fans enjoy the David Wolf series, which is smart because when someone types in CJ box or the author or whatever, then that ad if you're targeting that keyword is going to be highly relevant. So this is a good trick. Amazon's changed that a bit. So you can see when I type in Lee Child in the previous slide, I typed in thriller books. If I type in the author now, usually it's going to pop up with the author's information. So this is an interesting change where the sponsored brand ad, instead of triggering that, it actually just triggers this organic placement with the author's biography and details about their popular books.

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So that's still a useful trick. This is something if you're more advanced to consider and if it's something that you've incorporated into your targeting strategy, but we can see that Amazon is changing that a bit, so that's probably going to be less effective in the future. Again, something for more advanced advertisers but wanted to throw that in there. And so the problem here with the sponsored brand ads is a couple things. One, the stats are going to look better because you have to include three plus books in the product collection ads. And so because of what we talked about earlier where when you have more books due to the way the attribution works, the sales and page reads look stronger, but that doesn't actually mean the performance is better. It just means that because of the way the ad is tracking where it's including sell through and read through to other books, the ad stats look much stronger.

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And so if you're looking at the brand ads, you see a lot of big name authors run them. You also see a lot of traditional publishers run them now. So what that means as you start spending more money on Amazon and scaling up your ads is it feels necessary to run these or it can feel like it's the more advanced move where it's the next step to take if you're trying to level up your advertising game. And so I don't recommend these in most instances for most authors because they're not going to be as efficient as sponsored products. The reason is that they're built for branding, and this is from Amazon's own guides for authors. This is a direct quote and it's sponsored brands help increase the visibility of your books and build awareness around you as an author. I added that emphasis there. And this is really important because the sponsored brand ads, their primary goal is not to sell books at as low a cost as possible.

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Their primary goal is to build awareness and then get people to know you as an author and recognize your author name and your books and things like that. And then later down the line, maybe you sell them that book via sponsored product ad or something like that. Most people aren't spending enough money where they need to run the sponsored brand ads for visibility because they haven't tapped out the sponsored product ads or Facebook ads or other more directly efficient ad types. So sometimes when companies name products or you're looking at their help documentation, sometimes it's not an accurate reflection of what that particular product does. Amazon is really precise about naming their products specifically we're

talking about the ad related products here and their help documentation is really clear in terms of what the different ad types do and things like that. If you haven't checked it out, I know it's not the most scintillating of reads to sit down and just go through some of the Amazon ad documentation, but even as someone who has run the ads for a long time, I find things in there that I didn't know or clarify certain things and it's a really helpful resource.

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So we talked about multiple books. This is going to lead to the stats looking better, they look better, but they're not very accurate in terms of analyzing which of those books is performing the best. And we can't really refine how the ad is performing and sponsor branded ads with the product collection ads. What happens is that when you click on that ad, it doesn't actually send someone directly to the book page, it sends someone to a click-through page, so it sends them to a page that has a list of three plus books that you select when you set up the ad. So people have to be sent to a landing page where then they have to choose on what to click next. And that's going to reduce the conversion. It's going to introduce friction into the buying process and it means that they're not going to be as efficient as the sponsored product ads where you click on that ad and then you're sent directly to that books page. The bids are pretty expensive for the product collection ads, they're usually much more expensive than sponsored product ads. So you're getting lower conversion at a higher bid cost.

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And this is one of the biggest things with the sponsored brand ads that people aren't necessarily aware of. Even more advanced advertisers aren't aware of this a lot of the time where the targeting precision broad and phrase don't function the same way as they do for sponsored product ads. So if you're targeting keywords, say you're targeting Lee Child and that performs well in your sponsored product ads, you may take that over to the sponsored brand ad because you want to scale up and use your winners to do so with a new ad type, but the targeting doesn't actually work the same way. And again, Amazon is very clear about this. So with broad match, when you're doing a sponsored product ad, the keyword doesn't have to be in the search for your ad to show up. So if you're targeting the keyword Lee Child, it can show up for searches like thriller books for phrase an ad can show up for searches that include the meaning of the keyword.

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So that's a direct quote from the Amazon advertising guide. And an example here is that an ad targeting faith hunter may show up for searches like Lilly Hunter, so it's a bit more precise, but still it can trigger for unintended targeting that you didn't actually want the ad to show up for. What this ultimately leads to is inefficient targeting or it can also target your own keywords and ASINs if you're not negative targeting those, especially if you're using broad match. And it makes this very difficult to refine and optimize because if I'm targeting Lee Child, it may perform really well when the ad is actually showing up for search is related to Lee Child, but if that particular keyword is also triggering for thriller books and a dozen other things that I didn't mean to target, then that can affect the performance because those other keywords may not perform as well.

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So it makes it very difficult to analyze and optimize these ads. And here's an example from an actual ad that Lily Hunter example was from my own ad here we can see that I was targeting faith hunter and it showed up for Lily Hunter and then I was targeting KF bream and we have Crown of OS and curses jre. So even with something like phrase match, you can show up for a lot of unintended targets and so you're paying more for the clicks. We can see the click costs here where 1 10, 1 28, 1 50, it's pretty expensive. Some of them are a bit cheaper, but for the most part they're fairly expensive. And then lower conversion and less overall targeting precision, which is by design because again, these are designed for visibility and awareness. So Amazon's trying to show your book to more people than just the literal keyword that you entered.

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It wants to show that book to related terms to cast a wider visibility net. And if you're using these ads with that in mind, then you can incorporate them into the ad strategy. But most people aren't aware that that's what the targeting is doing. They're not aware of the other things that we mentioned with the sponsored brand ads. And so they're expecting something that is going to function like the sponsored product ad and then they end up overspending because they're looking at the data and they think that it's similar to what they're seeing with the sponsored product ads. And as we talked about since we have three bus books in the campaign, the data is going to look good in a lot of instances, but it's not necessarily reflective of the ads actual performance. So how to fix this, I would focus on sponsored products.

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These are easier and quicker to set up, they have more precise targeting and they're almost always cheaper and perform better. There will be rare exceptions. I would say that it's exceptionally uncommon for the sponsored brand ads to outperform the sponsored product ads. And if your book is performing poorly with the sponsored product ads, it's not going to perform well with the sponsored brand ads. So test what the sponsored product ads first and then you can roll out to the sponsored brand ads if they're performing well. That being said, I really wouldn't run these unless you're trying to scale beyond \$250 a day and have hit a wall with the sponsored product ads. And I would go to Facebook and run ads there before running sponsored brand ads. I would run ads to other regions. So let's say you hit a wall in the US and you're scaling there. Go and take your best keywords, your best ASINs, run them in the UK before you try sponsored brands. There are so many things that you can run before. So really this is only going to apply unless for people who are trying to spend a lot of money on a single book or series.

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Number three is not getting enough data. And so the problem here is with a small data sample, people try to turn off targets ads after three clicks or six clicks, and there are a number of reasons why sometimes they panic because they don't want to waste money or they feel that the ads aren't working. Or what they do is that they read too much into the performance where the initial performance is good and they're excited and then they increase the bids for those keywords or those ads because they want to scale up immediately and then they overspend on those targets, which had good numbers early on, but actually with a few more clicks didn't end up panning out. And that will always be an issue of course, because even the click thresholds that I'm going to recommend in a second, they're not going to weed out every false positive where you get 30 clicks on a keyword over the next 30 clicks.

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Meaning once you have 60 clicks in total, maybe it ends up not being a good performer, but the more data that you have, the more certainty that you have in terms of how a campaign performs, a keyword performs an ASIN performs whatever you're testing, you just have to balance that against how much it costs you to get that data. So there is a good balance between those, and this is what I recommend here with the mindset. A lot of this is either being more patient or just committing to a testing budget that you can afford to lose and treating this money is already spent where you set aside \$200, \$100, whatever you're comfortable with, and you say, I'm going to use this to test this book and see what happens. Or you can treat it as tuition, however you want to frame it, just it's part of the process where you need to spend some money to actually get on whether your books are working.

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And so this is money for research, it's cheaper to get enough clicks in the long run because I know if the book works, if I get enough clicks. And that's true if you keep turning the ads off or turning keywords off after two clicks, then you just have a bunch of data that you can't really analyze and get any insights from. And I see this cycle where people turn off the ads after getting 26 clicks and then meaning the entire ad. So their auto ad will get 26 clicks, they'll turn it off and then two months later they will run a new auto ad

and that one will get 40 clicks and then they'll turn it off and then over two years they actually end up spending 500 or a thousand dollars and they don't really get much actionable data across all their various ads that they've run.

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So long term it's going to be cheaper and faster. If you use these click thresholds here, and if you're someone who gets excited about the initial performance and you're willing to spend money and in fact you want to spend more money, then don't overreact to something that has three clicks and has two sales, is that a strong starting point? Yeah, that's great to see, but you're going to need more data to determine if it works and maybe you can bump the bid up slightly if you're more advanced and you just have more experience with the ads overall. But if you're just starting out, I would really more focus on these click thresholds and not start ramping up the bids and the budgets and things like that before you have enough data to really figure out what's going on. So click thresholds for campaigns, meaning when you're testing an ad type, so say you're trying to figure out if author keywords work well or genre keywords or auto ads or Kindle category ads, whatever you're testing to get a good sample size in terms of, Hey, does this particular targeting type work for this book you want 100 plus clicks for smaller regions, meaning Germany, Italy, France, and then 200 plus clicks for the US and uk.

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Is that going to give you an absolutely definitive answer as to whether that particular targeting type works? No, you're going to need more data than that if you want absolute certainty, but certainly it gives you a very good read on where things likely stand and you can spend more money if you want to test a bit more and have more certainty. If you're just trying to figure out, hey, does this particular targeting type work or does this book work in general, then 200 plus clicks on say an author keyword is a really good way to test whether that particular book responds well to the Amazon ads. And for 150 bucks, 200 bucks, you can get a good idea of where that book stands and that is 200 clicks on the entire campaign. So you might have a campaign with what I suggest for the author keywords in particular, if you're testing using those, then you'd have 10 to 20 author keywords in the campaign.

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And this is what I refer to as a benchmark campaign. So if you're just trying to test a book and see if it works, then start with an author keyword campaign with 10 to 20 author keywords that are relevant to your book and then get 200 clicks on that campaign and that will give you a good idea of how that book is performing currently. And then you can adjust based on that data. So click thresholds for testing individual keywords and ASINs. I would recommend 15 clicks on a keyword or ASIN for smaller regions. If you're advertising in Germany, France, Italy, 20 plus clicks for smaller genres like urban fantasy or space opera in the US and uk and then 30 plus clicks for larger genres like romance or thriller in the US and uk. The reason for the lower number of clicks in smaller genres is just because it can be difficult to generate 30 clicks for a lot of the keywords and ASINs in those smaller genres.

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And as you're running the benchmark campaign, by the way, you can turn off things as they hit 30 clicks or 20 clicks, whatever threshold you're using. That way no one keyword or ASIN hogs all the clicks. So if you're just trying to test the book and trying to test to see if it works, you don't want a keyword getting 150 clicks out of the 200, even if it's a great performer, it's still not exactly telling you how well the book responds to Amazon ads. So just if you're specifically running a benchmark campaign, you would turn that off and then you can turn it back on after the test is over if it's a good performer. So if you're managing the ads regularly, what do we use these click thresholds for? This is the point where you have enough data to dial in the bids, turn off keywords that aren't working well and optimize the campaign. And to be clear, the performance can change. 30 plus clicks is a good sample size, but it's not definitive. I would say that after a hundred clicks, you have a really solid idea of how well that individual keyword or

ASIN performs. And after that, any changes in its performance are generally because of ad fatigue rather than the keyword or ASIN being a false positive and not actually being a winner.

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So those are three there. And number four, again, these weren't in any particular order other than number one, it's just hard to cut it down to three. So number four is not doing or ignoring the math. So sometimes authors aren't analyzing the ads at all. I'll give you an equation that will allow you to analyze the ads here in a second. So they just don't analyze the ads usually that's because they don't know how to analyze the ads, and we'll address that in a moment here. Sometimes they do know how to analyze the ads, but they either choose not to or they believe that the data isn't accurate. So this is one of the biggest roadblocks to growth, I would say with the Amazon ads that I see where people just don't trust the dashboard and they believe that the sales and reads that they're seeing on the Amazon ads dashboard are inaccurate or that there's a ton of them missing or they're believing that there's some sort of massive algorithmic boost or visibility boost that's going to happen that's going to offset the numbers that they're seeing.

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And what you see on the dashboard in my experience is 90 to 95% accurate with the sales and reads, and I recognize that that is something that I'm pretty much alone on. There are a couple other people who agree with me, but whether you agree with me or not, what you can have confidence in is that if whatever level of accuracy there is with the data, it is all going to be the same relative to one another. Meaning if you think that 50% of the sales and reads are missing from the data, then keyword A is going to have 50% of its sales and reads missing, so is keyword B, and that means that you can compare the performance to one another and C, whether keyword A or keyword B is performing better relative to one another. So whether or not you buy into the data being accurate, you know that you can still compare different keywords, different targeting types, whatever you're trying to analyze, the data is coming from the same source, so it's all going to be equally accurate.

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So the other issue that I sometimes see is that people focus on the wrong metrics. So they see a lot of people focusing on CTR or they'll turn keywords off or ads off based on the CTR. They'll say, my ad is performing really strongly, it has a good CTR. Why isn't it generating sales and reads? I don't look at CTR really, and it's not something that I use to make any ads decisions. ACOs is a metric that's called advertising cost of sales, and this just is going to factor in the sales revenue. So if you're in KU, then ACOs doesn't tell you anything and you can't make any determinations about the ad's profitability or how the ad is performing because it doesn't factor in the sales read side of the picture. And if you're wide or selling a print book, you can use a metric called Target break even ACOs to analyze the ads.

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I would much rather use cost per unit or profit per click. We're going to talk about cost per unit here in a moment, but cost per unit or profit per click are going to really allow you to analyze things in much more detail than target break even ACOs. So have you seen a keyword or ASIN not work on a particular ad test but work later in a different campaign or test with the same book? Absolutely. And it's a good question, and this is one of the frustrating things with the Amazon ads, and it ties in well with what we're talking about right now with the numbers where one of the reasons people don't trust the numbers as well is because they will test the keyword in a campaign and get 30 clicks and it will be a winner. And then either over the next 20 or 30 clicks, it will generate no sales or reads or they'll move it to a different campaign and then it'll generate one sale over the next a hundred clicks.

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And you're looking at that on the dashboard, you're saying, surely if there's something wrong here, this is the issue with the small sample sizes that we have to deal with. Even 30 clicks is a pretty small sample size and there's just this balance between how much data do we want, how much data can we get and the

cost. So how much data we can get is based on whether or not the keyword or ASIN we're targeting is popular enough to generate a bunch of clicks. And there are only a handful of keywords and ASINs that can really generate significant click volume. So we couldn't test each keyword or ASIN to a hundred clicks or 200 clicks even if we wanted to.

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So that's one issue. And then the other issue is the cost where even if we could test them to a hundred clicks, then it would be so cost prohibitive that would get us much more certainty. But that's one of the biggest reasons that you see these tests not replicate because with more data, the keyword ends up not being a good performer. I would say that it's more common after 30 clicks for a keyword to actually not turn out to be a winner. So a false positive rather than something having really poor performance over 30 clicks and then not performing well or suddenly becoming a great performer. So a bad performer turning into a good performer usually doesn't happen. So the 30 click threshold that I mentioned and the other thresholds that I mentioned, they're really good filtering mechanisms for filtering out things that are going to bleed you dry in terms of the budget and just kill you because they're very likely to be losers.

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But sometimes winning keywords where the performance is really strong over 30 clicks, it doesn't maintain that level of performance. So you still need to analyze the ads after that, but that's why I've chosen those particular thresholds and it is something that you will see absolutely where certain keywords will not perform well and then they can perform well. That's pretty rare, fortunately. So you have to be more focused on the keywords that are performing well. Sometimes you get really good performance and it can be a situation where it's like, all right, this is definitely a winner and I don't have to think about it that much more. And sometimes they go up a little bit where you're like, okay, this is winner, and then you look back and over the next month that keyword was not great. So you have to keep an eye on the winning keywords to make sure that they're actually winners.

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Good question. And I don't see a significant difference between custom text ads versus just running no text. So I would recommend just running no text in the ad because it's easier and it just takes less effort. And we also can gain some insight into how much of an impact that makes based on Amazon's actions where the only country that you can run custom texts in is in the US, otherwise it's not a feature. So if it was a major difference maker, then I'd have to assume that Amazon would roll that out in the UK and Germany and everywhere else that you can advertise and it's just not an option anywhere else. So I think that their internal metrics probably suggest that it's also not hugely impactful.

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All right, so the solution here is mindset wise, the numbers are the numbers. If they're not good, I need to fix something. This is something that I still have to remind myself of because it is very tempting to tell yourself stories where it's like, okay, the algorithms are kicking in or I'm building a fan base and it's worth looking at those aspects certainly, but if the numbers are bad, usually there's not a lot that is possible that they could possibly be having an impact great enough that you're not seeing on the ads dashboard to offset that poor performance with the ads. So I, that's been a useful mindset for me and it's something that I try to remind myself of, especially when it is sometimes tempting to come up with other explanations as to why the ads may be profitable. So we have cost per unit, which is CPC divided by total conversion or ad spend divided by units. This is how we analyze the ads and total conversion is units divided by clicks. If you're in Kindle Limited or sales divided by clicks units is going to be sales plus borrows and to calculate borrows is going to be page reads divided by K-E-M-P-C, which is Amazon's term for the number of Kindle Unlimited pages in the book, and you can find that on your KDP dashboard.

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So that's something that you have to calculate yourself. Cost per unit, total conversion, these aren't metrics that are on the dashboard, but they're critical for analyzing how your ads are working. And so the bid floor in the US, this is around 70 cents for keywords and ASINs and the bid floor is just my term for describing at what point you won't get many impressions or clicks if you bid below that. So you can bid at 50 cents for keywords in ASINs in the US and UK in the majority of genres, you're not going to get any clicks or impressions to speak of. You might spend a dollar a week or something like that, so you can sometimes bid 10 cents cheaper. For auto and category ads, it's going to depend on the book, the genre, so those tend to be a little bit cheaper. And the bid floor in Germany, France, Italy is around 50 cents, but the same principle applies at some point. If you drop the bid too low, then your ads aren't going to serve. And when you're trying to determine whether you have a winning ad or target, then those are, and by target I mean ASIN or keyword, if you're trying to determine which ones are winners, those are going to be below your target cost per unit. Now how do you determine that?

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Say you add a seven book series of full length 60,000 plus word novels. Each book, if you're writing full length, 60,000 plus word novels is worth about a dollar in terms of the revenue per sale and revenue per borrow, which are synonymous with read through value and sell through value. So your target cost per unit if you're trying to break even would be seven bucks in that case and you can calculate those metrics with more accuracy. But that's a good rule of thumb. And so one of the biggest problems that people encounter with the Amazon ads is just not having enough books where they're trying to make the books, the ads work with a series that has two books in it or three books in it. And if your conversion is absolutely phenomenal, potentially it can work. But we can see here with a 70 cent bid, which is on the low end for the US and UK and 10% total conversion, which is pretty good, it's not the absolute best that you can do with the Amazon ads for a full price book, meaning 2 99 plus, but it would be pretty good.

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You're looking at a cost per unit of \$7. So the Amazon ads are just expensive and there's no way around that math, it's just it is what it is. And I've looked at this from pretty much every vantage point that I could possibly look at it from because I've managed ads for a ton of different authors and a ton of different genres and managed over seven figures in ad spend, and there's just no way around this bid floor issue where the bids are expensive with the Amazon ads. So you have to have a long series and your books have to convert well.

(00:48:29):

And so by the way, with this estimate that I just mentioned, estimating a seven book series of full length, 60,000 plus word novels being worth about seven bucks per sale or borrow, that's if the first book is full price at 2 99 or higher. So if you're familiar with my material, then you'll see this often in terms of when I'm talking about the Amazon ads or just advertising in general, but with the Amazon ads specifically, I recommend having a five plus book series. And the reason why just looking at these numbers is because of the bid floor where if you have to bid 70 cents, you just need a decent number of books in the series to be able to turn a profit in most instances. And we can see here that even if we were getting a decent conversion rate at 10%, our five book series probably wouldn't be profitable. But the reason that I say five books is because with some optimization and tweaking keywords, if our book is converting at 10% plus, then we can often improve that total conversion by turning off poorly performing keywords, optimizing the bids, testing more keywords that are similar to our best performers. And so actually break even with a five book series, we'd probably have to have the total conversion be around 14%, which is pretty strong.

(00:50:20):

So you can bid lower than that in terms of 60 cents, 50 cents and get a handful of clicks. But if you're looking to spend much more than a couple bucks on the Amazon ads a week, then you're probably going to have to bid at or above that bid floor. So otherwise that is it for our Ad Kelly Mistakes. I'm going to talk about the ads course a little bit here and then I will answer any questions that anybody has, whether

those about the course or about the Amazon ads. And so the course isn't available yet, but whenever it's available I'll send out an email and this will let you know who it's for and whether or not it's for you. If it's not, no worries. But if you're an intermediate or advanced advertiser looking to level up your ad skills, then this is going to show you how to analyze, track, manage, and scale your ads with greater accuracy and precision.

(00:51:23):

And this is all based on systems that I developed from managing seven figures in ad spend for multiple different authors and helping multiple books in the store or hit number one overall in the Kindle store and a bunch of top 100 books and things like that. So you don't have to be someone who's hitting the top 100 or anything like that to benefit from this, and the strategies aren't built around this. I'm just saying if you want to scale a lot, then it is built for that. And so if you follow the analysis on the previous page or were interested in it, meaning you weren't like, I totally hate this discussion, I don't like this at all, then this course probably isn't going to be for you and that's totally okay, but people are like, Hey, I like this is something that I'm interested in learning more about and I'd like to know how to do this type of analysis to dial in my bids and things like that.

(00:52:29):

Then this is something that is worth checking out and you're ready for the course. If the previous discussion wasn't something that where you're like, I am super confused, it's totally okay if you are confused. This is for more people who are more familiar with the ads and have managed some ads before and things like that. It's also fully up to date for 2025. So we have six modules in the course. They each take about a week. If you spend one to two hours a day, look, most people aren't going to want to spend that amount of time there. That's a lot of time, but you can spread that out over more weeks. You don't have to speed run through the course in six weeks. And so lays out the foundations and the 80 20 benchmark method. Module two goes into the five keys of tracking.

(00:53:25):

If you're familiar with my material, I've talked about that in other areas. This has advanced templates and how to apply it to the Amazon ads. Module three talk about analysis. So we're going to talk about cost per unit profit per click and talk about how to optimize your bids, analyze which keywords are working, all that sort of thing. Module four, talk about 80 20 ads management, five sequential testing. So if your conversion rate isn't where you want it to be, if the ads are performing where you want them to be, then you can test covers and blurbs and things like that with the Amazon ads. And the Amazon ads are actually one of the best ways to test those walk through processes for testing things like blurbs and covers and then also for testing prices since that's a little bit different. And then module six is about scaling and also have consolidation there.

(00:54:24):

Summary of the course, almost everything you need to know about Amazon ads in less than two hours. It's actually why the course is not yet available because I've been working on that for quite some time and it's hard to crunch everything down into a really useful summary. That's also not five hours. So I'm getting there and that's this weekend's project. And then there's walkthrough videos on ad setup. So I walk through say how to set up an author keyword A, so you know how to do that and advanced spreadsheet templates and tools. There's an advanced targeting tracker that allows you to track the performance of your keywords, ASINs other targets, and see their historical performance, advanced marketing note and test tracker. And that allows you to track your tests and other marketing notes and accompanying data marketing multi-tool. This has a variety of functions that you can use to analyze your ads and look at them in different ways.

(00:55:30):

And then the most useful of these in my opinion, is the Amazon ads profitability calculator where you can just copy and paste in your Amazon data and that will crunch through what your winning keywords are and spit out all the analysis for you and do that in about five, 10 seconds. You have to know what it is it's telling you. That's why the rest of the course exists. But once you have the analysis down, then you can copy things in there and it saves you a ton of time and is really useful. And initially I built it for the course and for some reason didn't use it myself because that's always smart to spend a lot of time on something and then not use it. But I've been using it almost every time I manage the ads these days and it's very helpful and saves a bunch of time. So where to get it? It's going to be 7 49 or seven 50 or whatever when it launches, and it's available at nicholas-eric.com/products/az. It's not currently available right now as we're talking, but it will be available in hopefully a few days. And otherwise, that is it for our presentation today and thanks everyone for showing up live asking questions, and I will get to the questions here if you have any about the course or anything else, but appreciate everyone's time and hope that was helpful. So let's answer some questions here and get to it.

(00:57:21):

Do you see any significant difference between custom? Okay, answer that. So starting here, do you recommend running author keywords as exact phrase only? I like doing the author keywords as broad match because it's very difficult for an author keyword to appear for something that is totally irrelevant. If I target Lee Child, then it can appear for Lee Child Jack Reacher meaning that altogether, but it can't appear for thriller books if it's a sponsored product. Ad sponsored brands, as we talked about are different, but the precision is a huge benefit of just targeting the author keyword ads in general.

(00:58:30):

So do I put any credence in suggested bids? I don't. It can be kind of a gauge of how competitive that keyword is, but also the suggested bids are just all over the place where you'll see a suggested bid for a keyword that's like 38 cents, that'll be the suggested bid, and you'll know from targeting that keyword in the past that there's no way in hell you're getting served for anywhere close to 38 cents or whatever it's suggesting. So occasionally they can be useful. I think more on the upper end of the range. They tend to be more useful where you see certain keywords or ASINs and it'll have a suggested bid of \$2 or \$3. So that can clue you in on what some other people are potentially bidding, where it's like, oh, okay, people bidding really aggressively for this. It's not going to affect my bidding decisions, it's not going to affect which keywords or ASINs that I target, but it's just this little piece of information that I can use after the fact to maybe help me contextualize why a certain keyword or ASIN isn't serving as much as some others were.

(00:59:45):

It's like, all right, everybody else is bidding two 50 for this keyword or asin, and I'm bidding a dollar 10 and I'm just not bidding high enough, but it doesn't affect anything in terms of what I choose to set my own bids at. How far above the 70 cent threshold do you recommend starting ads in the us? This is a good question. It just depends on how aggressive you want to be with the ads. So let's say this is an author keyword ad, you can start it at 70 cents. I usually start bids on odd numbers, so 71 cents or 76 cents, which is an even number, but I mean odd in terms of odd that people don't usually use them, and that's why I use those particular bids just because it gives me a slightly higher chance of winning the auction. It's not going to transform your Amazon ad strategy. It's not some secret hack to do that, but it can increase the likelihood of that ad winning the auction for that particular keyword. So anyway, getting back to the recommendations for author keywords, you can start at 71 cents if you're being more conservative and then bump things up and then you can bump things up five, 10 cents every four to seven days.

(01:01:16):

If you're being more aggressive, then I would start them at 81 cents or 91 cents. You can even set them higher than that. It depends on the scenario. If you need the ads to serve right now for the launch, you can

set them at a dollar, \$1, \$11 20 to start with. In most scenarios, you don't have that type of pressure cooker situation, so you can start them a bit lower. So if you're going the aggressive route, I start them at 81 or 91 cents and then bump things up 10 cents every one to three days if you wanted to get things moving in terms of them serving pretty quickly.

(01:02:01):

And you can also start the bids lower than 70 cents. Say you want to be more conservative or you're like, Nick, I don't believe you. This sounds ludicrous, that you have to bid 70 cents to get a decent number of clicks and impressions, start them lower, and you can bump them up 5 cents every four to seven days. You can start 'em at 30 cents. The issue that I find is that people lose interest very quickly where they get frustrated that the ads aren't serving. They think that there's something wrong with the ads, and it's really just a bid issue where they're not bidding high enough, so just starting them earlier starts getting data coming in and maybe you see a sale or something and some reads come in. And that's encouraging.

(01:02:51):

And it's also the fact that I just don't want to spend a bunch of my time increasing bids to try to get the ads to serve. I want the data quickly, and I'd like to get that rolling in as soon as possible rather than spend three or four weeks just trying to get the ads to serve. But just wanted to mention that for some people, if you wanted to be more conservative, you could. I will say an additional caveat there before we move on to the next question is that I think people overestimate the amount of time that they're willing to spend and the amount of micromanaging they're willing to do where they hear that and they say, oh, I'll start my bid at 40 cents and then I'll really check them every day, and they check them. You don't have to check 'em every day.

(01:03:39):

I think that's actually not helpful in this scenario because you're not going to see much movement if you bid at 40 cents. But they say, I'm going to be really diligent and I'm going to go in there. And what happens is that they set up the ad, they check it three times, and they get the bid up to whatever, 45 cents or 50 cents, and then they lose interest and then they come back in four months. So just know your own kind of personality there and work tendencies and be honest with yourself about whether that's a good approach. I would say that most people that I've worked with, from people starting out to very successful authors, that's not going to be something that they're either interested in doing or a match for their skillset, and it's not a match for mine. So it's not a criticism. That's why I make certain recommendations that are both practical in terms of like, Hey, here's how to get the ads to serve, but also they're based on what people are actually willing to do as well.

(01:04:54):

LOL can I hate this discussion, but also think the course is interesting and want to do more analysis. Yes, you can do both. I wouldn't recommend the course though if you really didn't like that particular discussion because that is what the course is about. It will tell you how to analyze your ads and crunch all the bids and do all the things that people talk about in groups in terms of how do I do this? That's by far the most common question are my profitable, how do I set the bids? All those sorts of things. This course will show you exactly how to do this. If you're not an analysis person, it is going to be a lot of effort. It's going to be a lot of effort, even if you're into analysis, this takes time and practice. But just as a heads up there, certainly it will get you there, but can be tough to stay motivated when you're learning on your own. So that's just something to factor in.

(01:06:08):

Well, what you do know is that you're not going to get to the end of the course and be like, that was all bullshit. So if you are not an analysis person but want to grind it out, your efforts will be rewarded in terms of you will learn the skill if you go through the course, can't guarantee that the ads will be profitable. Most books don't work with the Amazon ads. I'm very upfront with that. By the way, keep in

mind this in theory is a promotional thing for the Amazon ads course, if I actually had the Amazon ads course available, but I have the Amazon ads course and people have reached out to me about the Amazon ads management when I was managing Amazon ads. They would be six figure authors and have large budgets and things like that. And I told most people that they wouldn't work.

(01:07:04):

So sometimes people really are looking at the numbers and trying to get them to work with two books and saying, Nick, I think that it can definitely work with two books. If they could work with two books. I think I probably would've found a way to do that with the caveat being if you want to spend a very low amount of money, but then you're spending a lot of time learning this skill and investing in learning the skill and then managing the ads for something that doesn't have a huge return. So if you have a shorter series, you're probably better served with Facebook and focusing your efforts there just as a heads up. But numbers are the numbers not ready for the advance yet. Put my eyes on the prize. Thanks. This was great. You're welcome. And yeah, I don't want anybody to pick up the courses. It's like, yep, this is massively overwhelming. But I going to jump in anyway. Definitely can learn the intermediary steps and apply some of the stuff that I talk about in the emails and all that, and jump in when you're ready. It is a lot of work to go through the course that I have to run, but this was great. You're welcome. Thanks for all the info. You're welcome.

(01:08:49):

No, I was joking. I'm all about the analysis. Well, in that case then, this course is probably a good fit, but for anyone else who was interested in the numbers, but it's like I would rather have someone else do this for me than the course probably isn't that useful? It's always useful to know what your ads manager is doing, of course, but you have to actually get through the videos and crunch the numbers and just buying the course alone doesn't do that, unfortunately. So you can see from the books back on the shelf, they don't, sadly, they don't read themselves.

(01:09:43):

Although with AI, now you can actually get the course or the AI to run through a lot of the analysis in the course and things like that. So it is pretty cool, but that's not really substitute for going through the material. Anyway, if anybody has any last questions here, I will answer them. Otherwise, appreciate everybody showing up here and showing up live. I'll actually show you this in terms of the AI thing for the people who are here. And if you're watching the replay, then this might be cool to see. And so this is the other reason why I'm still working on the course. I'm just seeing if there's a good way to potentially incorporate this. I don't know if there is. I'm not promising that. Just for context here, if you're interested in picking up the course, but I'm trying to figure out what ways that AI can be a useful learning tool for people.

(01:11:09):

And so this is a transcript that I uploaded as a project that I named Amazon Ads. So this is a transcript of the first version of the almost everything course that I, or class, live class that I gave four or five months ago or something like that. And it's probably like 30,000 words or something. So it's a lot. And it was about four hours. So I uploaded the transcript here, and you can get various tools to make you transcripts from things. And so if you have a video or something that you kind of want to talk with the AI about and get feedback on, then it can do that. So what I asked it for here, and I'll provide the transcript of this class here, so you can play around with this. And actually since it has the cost per unit equation, like it can potentially analyze your ads.

(01:12:11):

If you've been reading the 80 20 Benchmark Method series, then you can take those emails and then you can just put them into a Word document. You can then upload that to a project and chat GPT and be like, Hey, can you help me analyze the ads? So that's what I did here. I uploaded the transcript of the almost

Everything class, and then I said, I have some ads to analyze what do you need from me to do this? Let me also show you what instructions I gave it. So these are the instructions that I gave it. You're an Amazon ads consultant specializing in selling books who gives concise clear Feedback Act as the author of the attached transcript. Do not give any advice outside of what's in this document. If you aren't unsure about the answer, say, I don't know. So that last piece is important where you tell it, Hey, don't make up bullshit because otherwise it will be giving you very confident answers that may not be included.

(01:13:11):

Or it'll start to include a bunch of metrics related to Amazon ads for selling toasters and socks and things like that where the analysis is different and the approach is different. Strategies are different. So it has a lot of information about that. And when you ask it about Amazon ads, it'll say, okay, focus on your ACOs for this canola Limited book. And as we talked about earlier in the presentation, you don't want to focus on the ACOs. So just a heads up there that's important. You could screenshot that and just ask the AI to transcribe it, and it will do that if you don't want to type it out by hand. But anyway, that's the instructions. And then the project file is just whatever information you want to basically get feedback on. So you're going to use this information as essentially it's an ads consultant, that's what I think of it as, or a coach or whatever. So you can get coaching and personalized consulting from any resource. So any book, any class that you take, you can ask it specifically, Hey, what can I apply to my own books? So I could start talking to this here about, Hey, I have a three book series or Amazon ads a good fit for me, so I could ask it that.

(01:14:36):

And one cool thing about the desktop app now or the web browser app rather, is that you can dictate to it. So I could just ask it literally a question without typing, and that's useful. So hey, I have a three book series on Amazon ads. A good bit for me, if you have a paid subscription to chat CP t, I would use O three. Just it's going to be better at the analysis and it's probably going to give you better answers if you have just a free subscription. I don't know if you can use projects, but you can use this approach just with a regular chat.

(01:15:21):

And this is also a good way to interact with the material, find notes. It acts as a really good overall tool just for a variety of learning purposes. So I'd have to see here if I actually said this, it was a few months ago. So that would be something that I agree with though. And I've said before, and this is true, I emphasize the five book thing quite a bit, but there are certain scenarios where it can work with lower numbers of books in the series. And then it's telling me what I need and telling me, Hey, this is a template here. And then I can say, great, I don't have the template. Maybe run me through this analysis and now it can literally run through this. So any resource that you use in this fashion, it's really useful. If it has very clear frameworks and step-by-step processes, sometimes the AI can figure it out if it's much more kind of loosely collected in terms of the ideas and everything.

(01:16:49):

One of the reasons my stuff works well with this is because everything is usually laid out step by step and it has very clear guidelines and parameters and various things like that. So you don't have to necessarily use my, if you're like, eh, didn't really like this, not interested in using it, that's fine, but just if you're looking for other resources, it tends to work better with those sorts of things. If you're looking for analysis or for it to do any sort of math or anything. By the way, with the math, it can get things wrong. So just a heads up there, it's gotten much better, but we can see actually that it got this freaked out a little bit. If there's an error like that, then we can be like, Hey, what went wrong?

(01:17:44):

It's giving me that and then it's asking me for the numbers. So I could actually just upload the Amazon ad data and have it crunched through. That took about five minutes when I did it yesterday, so I won't do that

now. But this is the actual numbers, and it didn't calculate everything correctly. I gave it two large of a document. But when I did this with the newsletter series, it did it very well because it didn't have 32,000 words to go through. It had 9,400. And also I asked it to do every calculation in one single step. So meaning asked to calculate my revenue per sale, which is the sell through value for the series, and I uploaded that data from KDP, and then I also asked it to then crunch through the actual ad data. So I just kind of wanted to see what I could do. If we could do everything at once, it did okay, it did better than I was expecting. It's still not quite there. But if you did it step by step where you calculated your revenue per sale and then you gave it the information about the book and then you uploaded the ad data, then it would likely do a much better job.

(01:19:11):

So some things to experiment with, and even if you're more advanced, one of the interesting things here is that it can surface certain things in terms of next steps that you may be aware of, but it's really hard to think about all of them as you're managing the ads, even if you have a lot of experience for that stuff to become automated. And you just naturally move to, okay, this is the obvious next step takes so many repetitions. So there are things in your notes and things that you're aware of that you just forget. So I've managed a lot of ads and I still forget certain things that when I think of them later, I'm like, that was obvious, I should have included that here. It can provide customized advice based on the metrics and stuff like that. So we can see it diving into that.

(01:20:02):

And again, it would probably be better if I asked it specifically like, Hey, what are the next steps? Rather than being like, Hey, crunch everything. Tell me next steps, everything at once, just having a conversation. It'd be kind of like if we were talking and you asked me, Hey, tell me everything about Amazon ads and run through everything here and 30 minutes, it would be a lot. So if you think of it as a consultant or a person that you were having a conversation with, you'd run through each of those step-by-step and then that would work better. So anyway, if you're into ai, then that is one of the best use cases I've found for it in terms of learning. It can speed things up. You can also, if you want to, you can play around with it and you can have it talk to you as Gandalf or whatever you want to do there. It can make learning more amusing.

(01:21:05):

You can give it information about your books and it can contextualize that based on the resource. You can add other resources too. So you can compare and contrast like, Hey, I read this post here, how does it line up with what Nick's saying? Where are the differences, what might be the same? And it can help you. And that's really amazing in terms of what you can do with these tools now, both with the analysis and feedback and just the learning process in general. So anyway, that's it for the AI stuff, and I'll provide the transcript below if you want to play around with that, with the replay after that's available. And otherwise, thanks for your time, everybody who showed up live, or if you watch the replay, thank you as well. And I hope everybody here has good rest of their Friday. And I'll see you soon for another live class course newsletter, something like that later. Everybody.