

Are Amazon Ads Right for You? Check out this FAQ!

What kind of books work best with Amazon ads?

Any books can have profitable Amazon ads, but not every book does. Generally speaking, Amazon ads work best for books that clearly meet genre expectations and have an optimized cover, blurb, and “Look Inside” feature. Books that fit neatly in one or more Amazon categories seem to do better than extremely niche books.

It’s much easier for series to be profitable than single books (See “How do I calculate my read-through?”), although it’s not impossible for a standalone to do well. “*Do well*” is also a subjective term, so it’s important to clearly determine your goals for Amazon ads. Is it profit? Visibility? Rank? That can help determine if Amazon ads are for you.

How do I make sure I’m ready to launch Amazon ads?

Your cover is extremely important for Amazon ads, as it’s the image readers will see and click on. It’s essential that your cover is on point for the genre. In addition, your blurb and “Look Inside” feature should be optimized to ensure the ads convert to sales. In addition, you should know the read-through for your series, your goals for the ads, and how much you’re willing to spend to make a sale.

Do I need to have a series to be profitable with Amazon Ads?

No, but series definitely give you an advantage. Your read through can allow you to make higher bids, which can result in more impressions (and hopefully more clicks/sales). Standalone books can be profitable, but it’s much more difficult, especially in a highly competitive genre.

Do Amazon ads work for a list run?

They CAN, but to be effective for a list run, the ads need to turn on simultaneously, and there’s no guarantee they will. Amazon ads can be unpredictable. We can definitely use Amazon ads to increase your number of preorders, but if you’re attempting a list run and only have a week to get thousands of sales, for example, we recommend that you use Amazon ads in conjunction with other marketing strategies.

List runs also require high bids and high budgets, so keep that in mind.

Do Amazon ads work for freebies/99 cent books?

Definitely, but you have to be okay with the fact you’ll most likely lose money. Freebies and \$.99 books get a lot of clicks and will go through your budget pretty quickly. If you have a big series with good read through, that may be fine for you, but only you can make that determination. If you’re okay with advertising a loss leader, it’s important to be clear about your budget cap, so we can get you the most clicks for your money.

In addition, one strategy we often employ is to advertise all the other books in the series to keep the spend down and improve the ROI.

How much money do I need to spend?

That's completely up to you. We'll work with you to set a monthly budget cap for your ad campaign. Keep in mind that you only pay for clicks with Amazon ads, so the chances you'll meet that budget cap are extremely low. However, it has happened. At that point, we'd contact you to determine if you'd like to raise the cap or leave it in place.

While you don't have to spend a lot on Amazon ads, it is difficult to get ads with an extremely low budget cap to serve. \$10/day or \$300/month for a budget cap is a good place to start. **Remember, the bill for the ads themselves will come to you directly from Amazon. In fact, they will take their money when you hit your payment threshold. We have no control over that.**

How do I calculate my read-through?

There are many ways to calculate read-through, but here's a pretty easy one: Take ALL royalties for a series for a given period of time (at least a month) when you don't have a sale/freebie throwing off the numbers. Divide the number of TOTAL ROYALTIES for the series by the number UNIT SALES of book 1 for the same period of time.

So, say Jane Author makes \$5000 in royalties for her series in a month. In that same month, she sold 200 copies of the first book in her series. Divide \$5000 by 200 and you get \$25. So Jane can ESTIMATE that she makes about \$25 over the length of the series, every time she sells a Book 1. Now Jane can look at how much she's paying for ads and figure out if they're profitable. If she's spending \$5 for a sale of book 1, she's in great shape . . . is she's spending \$30 for a sale, not so much.

These numbers can change month to month, so it's important to do this calculation periodically so you have accurate numbers.

How do I know if my ads are working?

This is where more math comes in. Of course, we look at what the ads are spending, and the estimated sales and KENP income. All of the estimates on your Amazon dashboard are estimates of GROSS SALES, not royalties, so keep in mind that you need to deduct Amazon's cut. We love when we look at the dashboard and see the sales/KENP income is higher than the spend, but if it isn't, that doesn't necessarily mean the ads are unprofitable. That's why read-through is so important (See "How do I calculate my read-through?" above.)

We also pay close attention to the ratio of CLICKS to ORDERS and the CPC (cost-per-click).

Here comes the math!

So, say Jane Author has \$500 in spend for \$400 in sales, 200 clicks, and 10 orders

with a CPC of \$.30. For the purposes of this example, she's not in KU, so we don't have to figure in page reads.

At first glance, this doesn't look so good. Poor Jane lost \$100!! MORE, because these are estimated GROSS SALES, not royalties!

But stay with me, here . . .

200 clicks for 10 orders is a 20/1 click-to-order ratio (200 divided by 10.) That means it takes about 20 clicks to make one sale. (Which actually is really good for Amazon ads). If each click costs \$.30 (which is also pretty good), that means it costs about \$6.00 to make one sale (20x.30).

Now, we know Jane calculated her read-through and learned that she makes \$25 in royalties over the whole series off a Book 1 sale (see above.) So, for Jane, spending \$6 to make that sale is no problem for her! Hooray Jane!

And if Jane WAS in KU all those reads would be the icing on the cake!

This is why it's SO important to know your read-through, and how much you can afford to spend on a sale for ads to be profitable. That's not something we can do on our end, so if you have that information before you launch any ads, you'll be in much better shape. You may find that you can't afford to pay \$6 for a sale, and if so, Amazon Ads may not be for you. It all depends on your goals and budget.