merch jar

FREE COURSE

Amazon Ads Fundamentals

How Amazon ads actually work, which numbers to trust, how much data you need before you change something, and the weekly optimizations that do most of the work.

By **Cameron Scot**, founder of Merch Jar

Read it online, one lesson at a time, with the free tools linked from each lesson:
merchjar.com/learn/amazon-ads-fundamentals

Contents

1	**Why advertise on Amazon**	3
2	**Search terms and keywords**	5
3	**How a campaign is built**	7
4	**Placement adjustments and bidding strategies**	11
5	**Which numbers to trust**	15
6	**How much data before you decide**	19
7	**Your first campaigns**	22
8	**The weekly optimizations**	28
9	**Advertising books on KDP** Optional, for authors	35
10	**Your weekly checklist, and what comes next**	39
	Glossary	42

This is the course I wish I'd had when I started running Amazon ads. It covers how campaigns actually work, which numbers to trust, how much data you need before you change something, and the handful of optimizations that do most of the work every week.

Most lessons end with a free tool that runs that step on your own numbers. The tools that read a report do it on your device, so your files never leave your browser.

LESSON 1

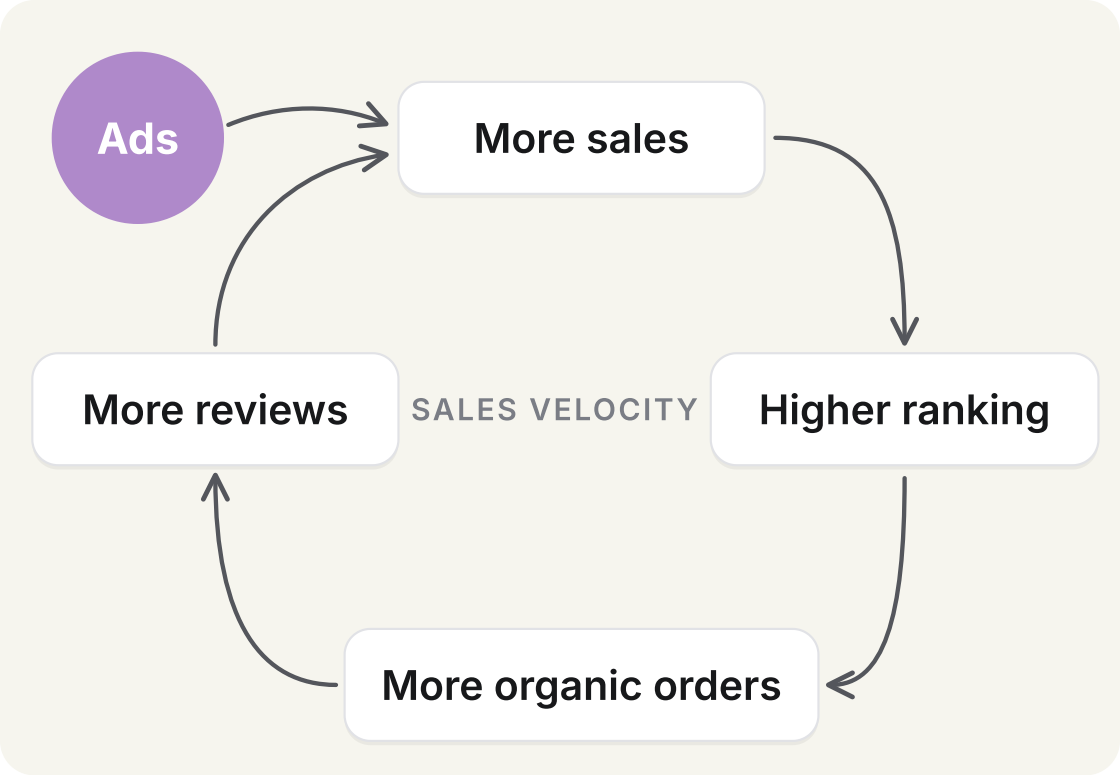
Why advertise on Amazon

SHORT ANSWER

- Amazon ranks the products it expects to sell, and sales move rankings more than anything else.
- Ads buy the visibility that brings sales. Sales earn ranking, and ranking brings organic orders. That loop is sales velocity (some call it the flywheel).
- So an ad can be worth running at break-even, if the organic lift is real. TACOS is how you check.

Amazon wants two things. Shoppers who find what they want fast, and as many sales as possible. Almost everything about how products get shown follows from that.

So Amazon puts the products it expects to sell at the top of the results, because that's where shoppers look first. Amazon doesn't publish its ranking formula, but what sellers see over and over is that sales move rankings more than anything else. A product that sells faster tends to rank higher. Ranking higher brings more organic orders, more orders bring more reviews, and more reviews help the next shopper decide to buy. That loop is usually called sales velocity, and some people call it the flywheel.



Ads keep the loop moving. When sales slow down, it runs the other way.

The loop runs the other way too. A new competitor or a slow season can slow sales down (so can a product that's just getting older), and then the rankings and organic orders slide with it.

Ads are how you keep the loop moving. They buy the visibility that gets the sales that earn the ranking. That's why an ad can be worth running even when it only breaks even on its own, as long as the organic lift is real.

You can check that it is. **TACOS** is your total ad spend divided by your total sales, ads and organic together. If you spend more on ads and TACOS holds steady or falls, organic sales are growing with the ads. If TACOS climbs month after month, the ads are buying sales without lifting the rest.

It also means ads are a long-term investment. It takes time to collect enough data to know what works, and longer for reviews and rankings to catch up.

How to think about it

Strip Amazon ads down and there are two moves. Do more of what works, and stop doing what doesn't.

Easy to say. The hard part is knowing which is which, and that only comes from data. So the whole job is a loop. Test something, collect enough data to judge it, then turn up what's working and turn down what isn't.

You'll hear "it depends" a lot in PPC, and it's true. What works for one product in one category won't for another, and what worked last quarter can stop working this one. Test everything (it's kind of the mantra of PPC). Your own account's data beats any rule of thumb, including the ones in this course.

Try it on your numbers. The TACOS calculator shows your TACOS and organic sales, and what moved TACOS between two periods.

LESSON 2

Search terms and keywords

SHORT ANSWER

- A **search term** is what the shopper types. A **keyword** is what you bid on to show up for it.
- **Exact** matches the search word for word (plus plurals). **Phrase** needs your words in order. **Broad** matches loosely, sometimes on searches without your keyword at all.
- **Negative keywords** stop your ad showing for a search.
- **Indexing** decides which searches your product can show for in the first place.

These get used interchangeably, but they're different things.

A **search term** is what the shopper types into the search bar. A **keyword** is what you, the seller, bid on to show up for those search terms. When someone searches “stainless steel water bottle”, that’s a search term. Your keyword might be exactly that phrase, or something broader that matches it.

Match types decide how close a search term has to be to your keyword.

- **Exact** shows for searches that match your keyword word for word, plus very close variants like the plural.
- **Phrase** shows when the search contains your words in the same order, with other words before or after them.
- **Broad** shows for your words in any order, plus synonyms and related searches. It can even show on searches that don’t contain your keyword at all.

YOUR KEYWORD

water bottle

SHOPPER SEARCHES	Exact	Phrase	Broad
water bottle	●	●	●
water bottles	●	●	●
insulated water bottle	–	●	●
bottle for water	–	–	●
reusable drink flask	–	–	◑

● shows ◑ can show, if Amazon decides it's related

One keyword, five searches. Phrase and exact also cover the plural.

Negative keywords do the opposite. They stop your ad from showing for a search. Negative exact blocks that search and its close variants, negative phrase blocks any search that contains the phrase.

Indexing is the other half. Amazon reads your listing (title, bullets, description, backend search terms) to decide which searches your product is relevant for. If your product shows up anywhere in the results for a search, it's indexed for it. Automatic campaigns (you'll set one up in lesson 7) lean on this, because in them Amazon picks the searches from your listing. So the more relevant searches your listing earns, the more places your ads can show.

One opinion of mine from years of doing this. It's easier to double your traffic than to double your conversion rate. Coverage of relevant searches is usually where the growth is.

Try it on your numbers. Paste a list of terms into the keyword processor to clean it up and switch match types.

LESSON 3

How a campaign is built

SHORT ANSWER

- A **campaign** holds **ad groups**. Each ad group holds targets (where bids live), ads (your products) and the search terms your ads showed on.
- Those three don't connect. You can see which keyword sold and which product sold, but not which keyword sold which product. One product per ad group fixes that.
- **Placements** (top of search, rest of search, product pages, Amazon Business) only exist for the campaign as a whole.

How Amazon structures campaign data changes how you should build and manage them.

At the top is the **campaign**. Think of it as a container. Inside it are one or more **ad groups**, which are containers too.

Inside each ad group are three sets of data that sit side by side.

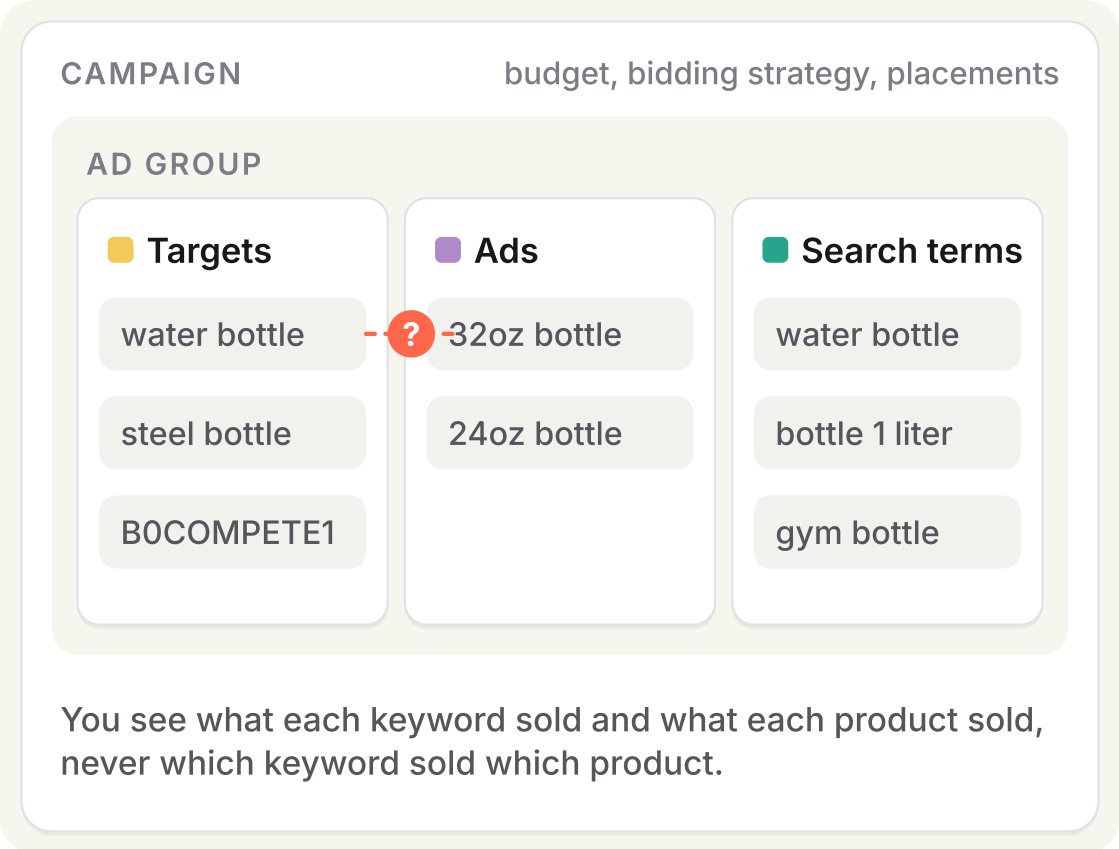
- **Targets**, your keywords and product targets. This is where bids live.
- **Ads**, the products you're advertising.
- **Search terms**, the actual searches (or product pages) your ads showed up on.

Each of these breaks out the same clicks, orders and sales a different way. The ads data splits them by product, the targets data by keyword or product target, and the search term data by search. The search term report only lists searches that got a click, so a search you showed up for but nobody clicked won't be there. Rows that look like `b0…` are product pages your ad showed on, not searches.

A single target can show your ad on hundreds or thousands of searches, depending on its match type. Every ad in an ad group shares the same targets and bids, so they're all eligible for the same searches.

The attribution problem

Those three datasets don't connect to each other. If an ad group has three products and five keywords, you can see which keyword got orders and which product got orders, but not which keyword sold which product.



Three datasets side by side in every ad group, and no link between them.

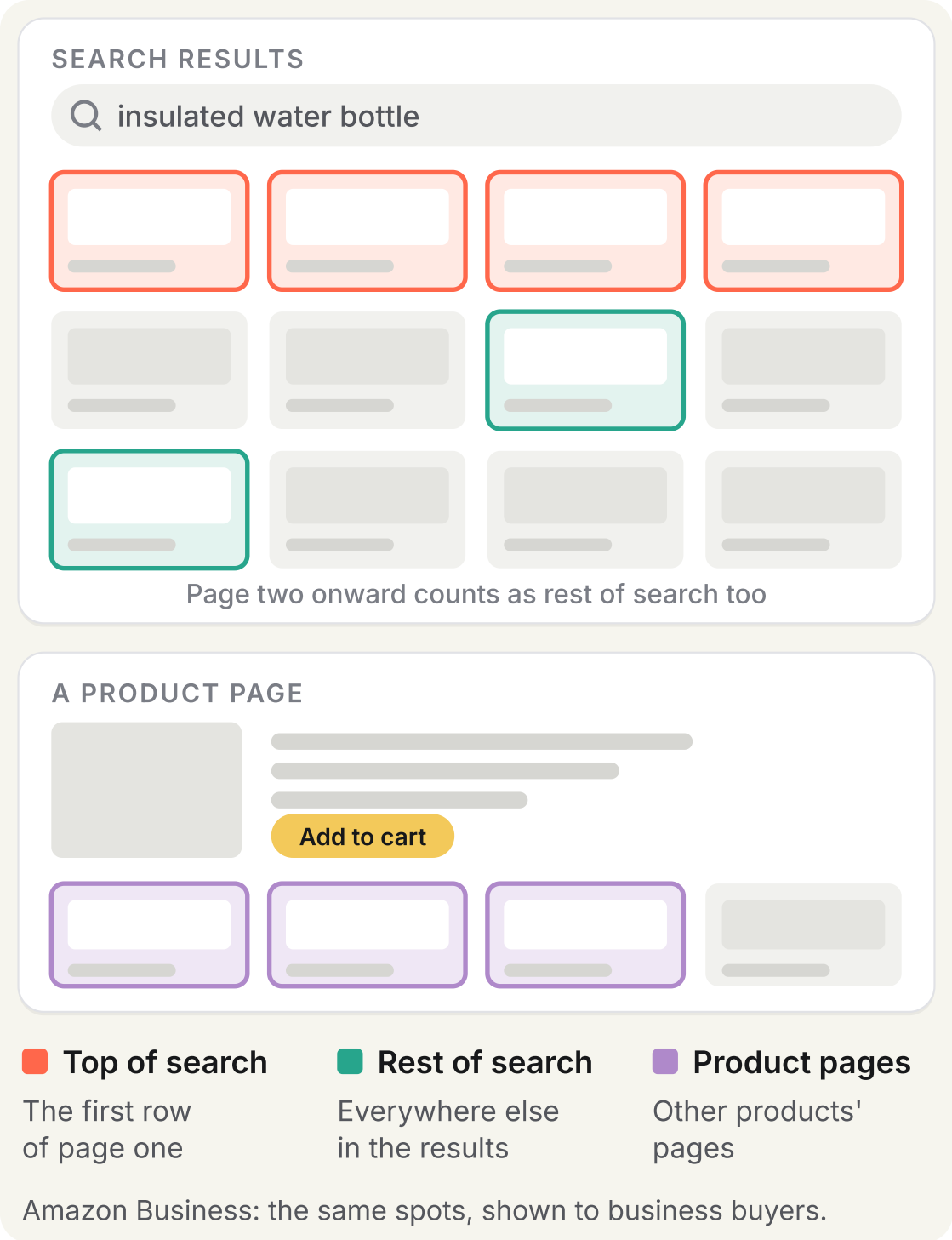
That's why a lot of advertisers keep one product per ad group, even though Amazon's own advice is to group similar products. Then every keyword and search term result belongs to that product, and you always know what's working for what. Grouping close variations of the same product (sizes, colors, formats) is a reasonable trade if you don't need them separated.

Placements

There's one more dataset at the campaign level. **Placements** split the whole campaign's results by where the ad appeared.

- **Top of search**, the top row of the first page of results.
- **Rest of search**, everything else in the results, including page two and beyond.

- **Product pages**, product detail pages and other spots outside the search results, like the add-to-cart page.
- **Amazon Business**, placements shown to business buyers.



Placement results exist only for a whole campaign, never for one keyword or product.

Your ads can also run on some sites and apps off Amazon. Those show up in the placement report, but there's no adjustment for them.

Placement data only exists for the campaign as a whole. There's no placement breakdown for a single keyword, product or ad group, which matters when you set the bid modifiers in the next lesson.

Try it on your numbers. The campaign structure planner lays out campaigns and ad groups for your products before you build anything.

LESSON 4

Placement adjustments and bidding strategies

SHORT ANSWER

- **Placement adjustments** raise your bid 0 to 900% when the ad competes for top of search, rest of search, product pages or Amazon Business.
- The **bidding strategy** then works on the adjusted bid: fixed, down only, up and down (up to double), or rule-based toward a ROAS goal.
- A $1.00 bid with a 50% top of search adjustment and up and down bidding can reach $3.00. That's a ceiling. The auction decides what you actually pay.
- To start, Amazon's default (down only) with every placement at 0% is fine.

You set bids on targets. Two campaign settings then change those bids, for every keyword and every product in the campaign.

Placement adjustments

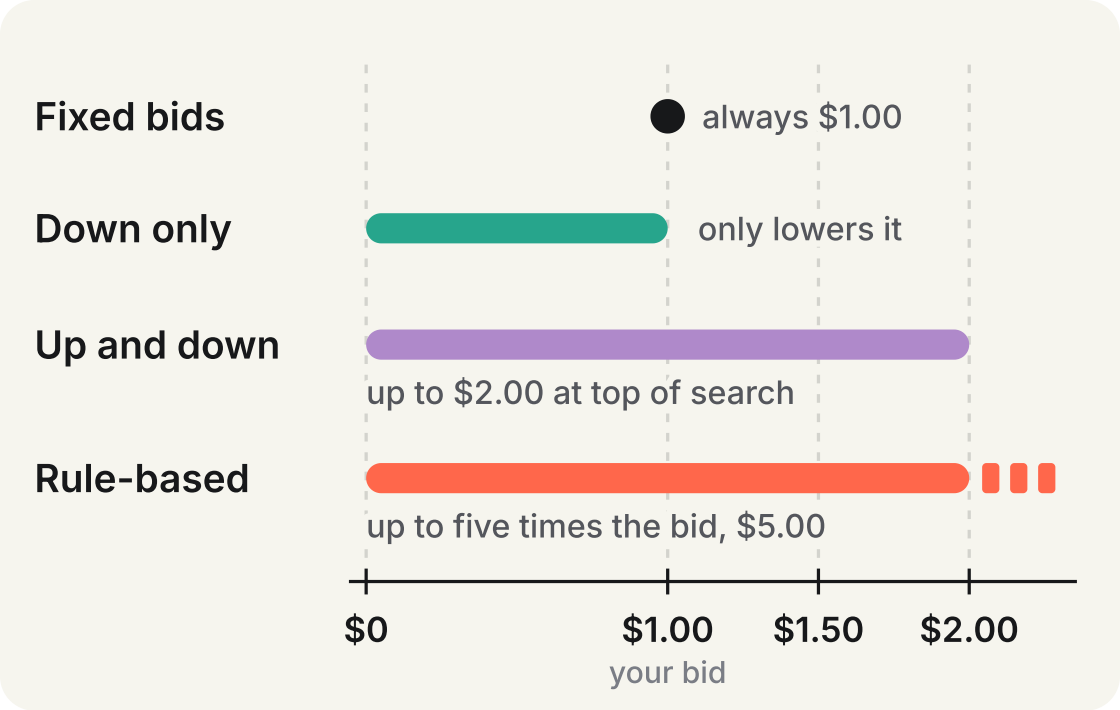
Each placement can raise your bids by 0% to 900% when your ad competes for that spot. A 0% adjustment leaves the bid alone, 100% doubles it. Adjustments only go up, and setting 0% doesn't remove the placement, it just doesn't add anything.

They're useful because placements convert differently. Product pages often convert lower than search, and can still be profitable at a lower effective bid. Top of search often converts better and can earn a higher one.

Bidding strategies

The bidding strategy tells Amazon what to do with your bid in each auction.

- **Fixed bids.** Amazon uses your bid as it is, plus any placement adjustment.
- **Dynamic bids, down only.** Amazon lowers your bid in real time when it thinks a click is less likely to convert, by as much as 100%. It never raises it. If a keyword gets almost no impressions no matter how high you set the bid, this is one of the first things to check, because down only can be cutting the bid far below what you set.
- **Dynamic bids, up and down.** Same as down only, but Amazon can also raise the bid when it thinks a sale is likely. Up to 100% at top of search. For other placements Amazon's own guides disagree (one says up to 50%, another says up to 100%), so plan for the higher number.
- **Rule-based bidding.** You give Amazon a ROAS goal (ROAS is sales divided by ad spend, the flip side of ACOS in lesson 5), and it adjusts your bid in each auction to try to hit it. It can raise a bid up to five times your bid after the placement adjustment. Amazon suggests letting a campaign run at least two weeks before you set the goal, and it doesn't promise to hit it.



What each strategy can do to a $1.00 bid, before any placement adjustment. Outside top of search, Amazon's guides put the up and down cap at 50% or 100%.

Down only is Amazon’s default, and with every placement at 0% it’s a fine way to start. Change one setting at a time once you have data, so you can tell what moved the numbers.

How they stack

The placement adjustment applies first, then the bidding strategy works on the adjusted bid. Amazon’s own example is a $1.00 bid with a 50% top of search adjustment. That’s $1.50 for top of search, and with up and down bidding it can go up to $3.00.

AMAZON'S EXAMPLE

$1.00	×1.5	$1.50	×2	$3.00
your bid		+50% at top of search		up and down can double it

That's the most one click can cost.

The auction sets what you actually pay, often less.

The placement adjustment applies first, then the bidding strategy.

Stack a big adjustment with up and down and the numbers get large fast. A 900% adjustment turns $1.00 into $10.00 before the strategy touches it. Audience and video bid boosts, if you turn them on, stack on top of that too. Check every setting together before you raise any one of them.

All of these are ceilings, the most you can pay for a click. What you actually pay is set in the auction and never goes above that ceiling, and it's often well under your bid. That's why the cost per click (CPC) column matters. If your CPC sits far below your bid, a 10% bid cut might not change what you pay at all.

Try it on your numbers. The placement report analyzer reads your placement report and shows what each placement earns per click, and which adjustments to lower.

LESSON 5

Which numbers to trust

SHORT ANSWER

- Decide with **ACOS** (ad spend ÷ ad sales) when you have orders, **clicks** when you don't, and **impressions** when there are no clicks.
- Start your **target ACOS** at break-even, your margin after product cost, fees and shipping.
- **What a click is worth** = price × conversion rate × target ACOS. A $25 product that converts 10% of clicks, at a 25% target, is worth about $0.63 a click.

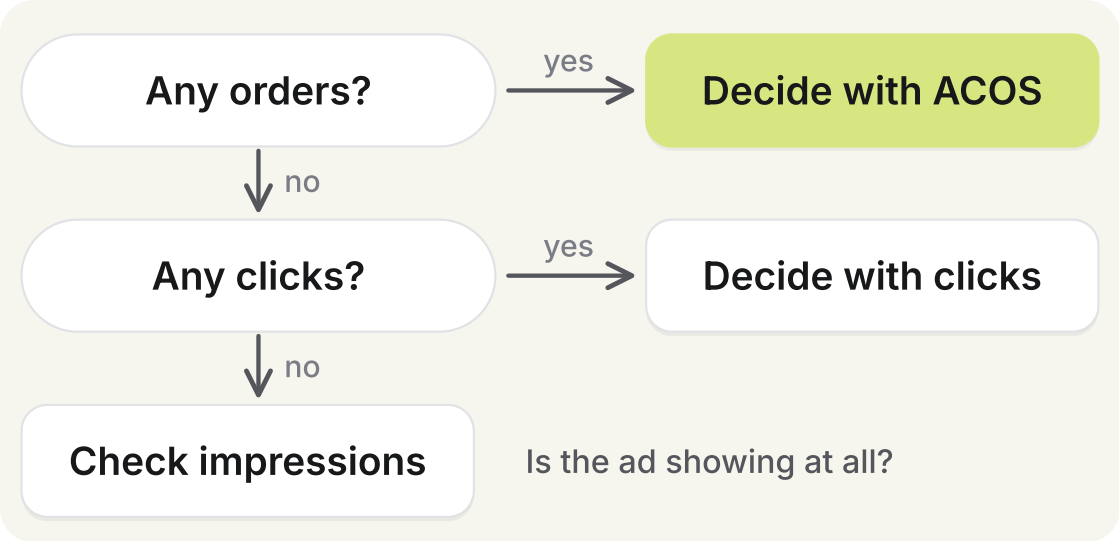
The ads console shows you a wall of metrics. You don’t need most of them to make decisions. There’s an order to it.

ACOS comes first. It’s ad spend divided by ad sales, so a $25 spend that brings in $100 of sales is a 25% ACOS. (ROAS is the same ratio flipped, $100 ÷ $25 = 4. Use whichever you like, they always agree.) ACOS goes into almost every decision you make.

The only time you don’t use ACOS is when you don’t have one, because there are no orders yet, or so few that the number means nothing. With one order, ACOS is mostly luck.

Then clicks. With no orders, clicks tell you how much of a chance something has had. That’s what you use to decide when to pause a keyword or negate a search term.

Then impressions. With no clicks, impressions tell you whether the ad is even showing.



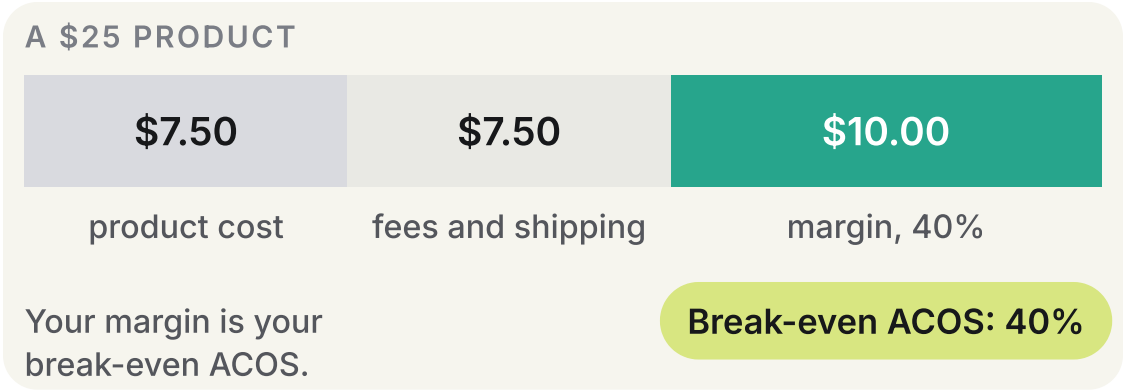
Read the numbers in this order. Everything else breaks ties.

Everything else (click-through rate, cost per click, impression share) helps you understand a decision, but shouldn't make it. If a call is close, they can break the tie.

Target ACOS

ACOS needs something to compare against, otherwise it's just a number. That's your target ACOS.

A good starting point is break-even. Take what the product sells for, subtract product cost, Amazon's fees and shipping, and what's left as a share of the price is your margin. If your margin is 40%, a 40% ACOS breaks even on the ad sale. Every $1 of ads brings back $1 of profit to cover it.



What's left of the price after costs, as a share of the price, is your break-even ACOS.

That sounds like you're not making money, and on the ad sale alone you're not. But you're getting the sale and the ranking that feeds the organic side, which is the point of lesson 1. From there, go lower if you want the ads themselves profitable, or higher if you're launching and buying ranking on purpose.

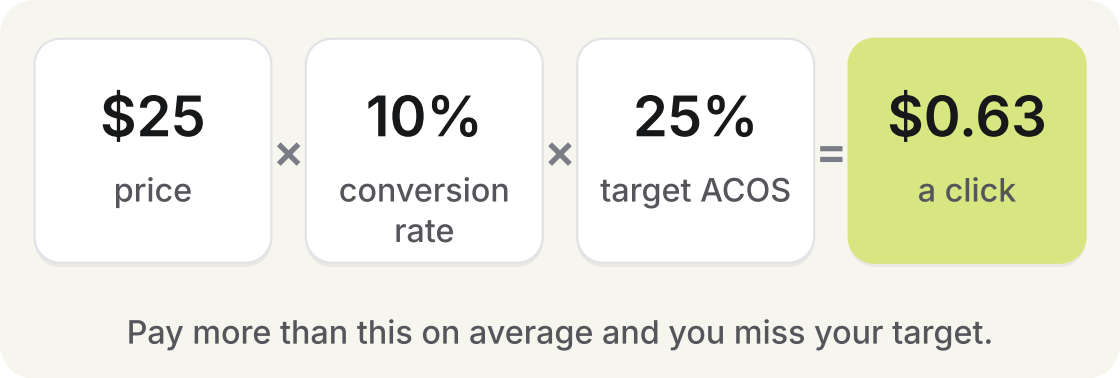
Your target can change by product and over time. Just make sure every product has one.

What a click is worth

Once you have a target, you can work out what a click is worth to you. ACOS is really your cost per click divided by what each click brings in, so you can turn it around.

Price × conversion rate × target ACOS = **the most a click is worth**

Say you sell a $25 product, your target ACOS is 25%, and about 1 in 10 clicks buys (a 10% conversion rate). Each order can cost $25 × 25% = $6.25 in ads. At ten clicks per order, each click is worth $6.25 ÷ 10, about $0.63. Pay more than that on average and you'll miss your target.



The same three numbers give you a starting bid, a max bid and the lowest conversion rate you can live with.

That one number gets used all through the rest of the course. It's where to start your bids if Amazon's suggested bid is higher (lesson 7), the ceiling for raising bids (lesson 8), and how you find the lowest conversion rate you can live with (lesson 6). Use your average order value instead of the price if shoppers often buy more than one.

Try it on your numbers. The break-even ACOS calculator and the profit calculator give you the target, the target CPC calculator works out what a click is worth, and the ACOS to ROAS calculator converts between the two.

LESSON 6

How much data before you decide

SHORT ANSWER

- **Bid changes:** at least 2 orders. 3 or 4 is better.
- **Pausing or negating:** about 20 clicks with no orders for a search term, exact keyword or product target (at a 10% conversion rate). 40 or more for phrase, broad, auto and category targets.
- **Date range:** 90 days for pausing and negating, shorter when you have plenty of data. Leave out the last two days.

The question I get most is some version of “how many clicks before I pause this?”

You want enough data to be confident, but not so much that you’ve paid for a pile of clicks that were never going to sell. Waiting for real statistical certainty would take hundreds of clicks per decision, and you’d run out of budget first.

The answer also depends on what you’re about to do. Pausing a keyword or negating a search term is hard to undo, because once it stops getting traffic it stops collecting data. That deserves more evidence. Changing a bid by 10% is small and easy to reverse, so it needs less.

For bid changes, count orders

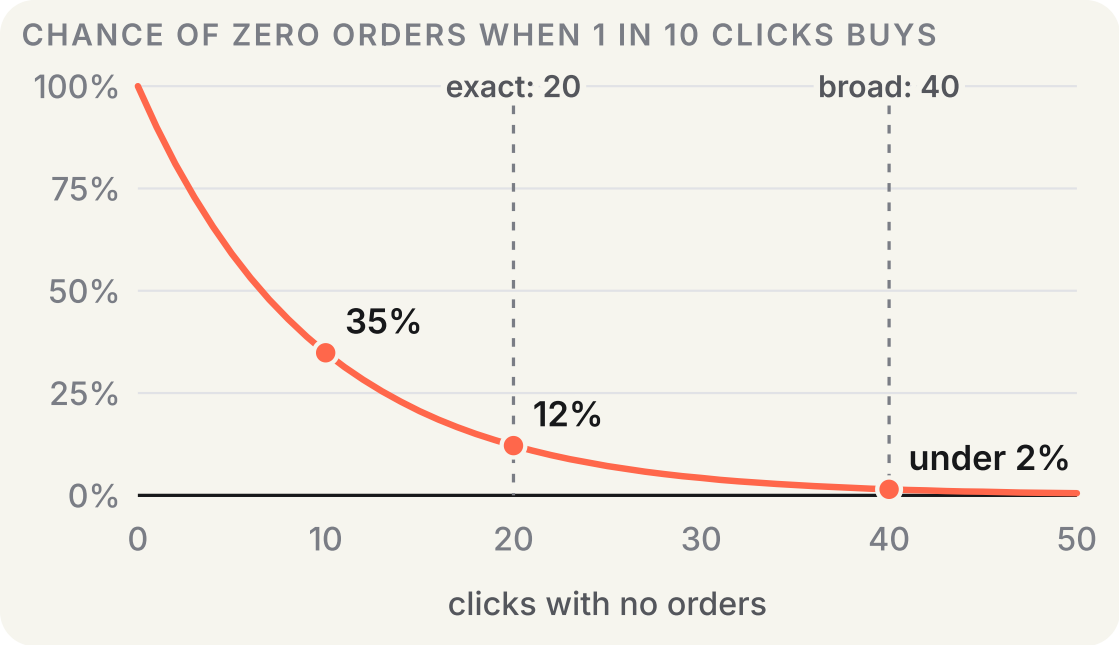
Bid changes use ACOS, so the data you need is orders. I want at least two orders before I move a bid, and three or four makes the ACOS a lot more reliable.

For pausing and negating, count clicks

Pausing and negating are for things spending money without orders, so you count clicks.

Start from the lowest conversion rate you can live with. Lesson 5 gives you a way to find it, the conversion rate at which your cost per click just hits your target ACOS. That's CPC ÷ (price × target ACOS). With a $0.60 CPC, a $25 product and a 25% target, it's $0.60 ÷ $6.25, about 10%.

At a 10% conversion rate, it takes about 10 clicks to get an order on average (100 ÷ 10). Double the clicks and you get 20. So a search term, an exact keyword or a single product target with 20 clicks and no orders has had a fair shot. (For a version based on your actual conversion rate and how sure you want to be, use the calculator below. At 10% and 90% confidence it says 22.)



A target that really converts at 10% still goes 10 clicks without an order about a third of the time. By 20 clicks that's about 1 in 8.

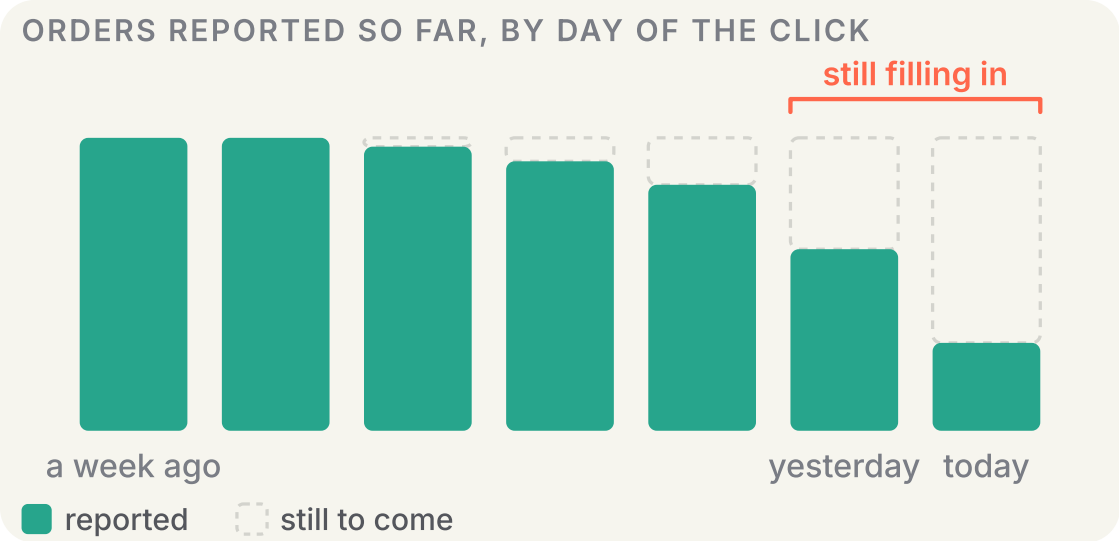
Broad targets need more. A phrase or broad keyword, an auto campaign target group (lesson 7 covers those) or a category target spreads its clicks across lots of different searches, so 20 clicks might be one click each on 20 searches. I'd want 40 or more before pausing one of those, and often the better move is to negate the searches that aren't working and keep the target.

Date ranges

When you don't have enough data, use a longer range. If the last 7 days has two clicks, look at 30. If 30 isn't enough, look at 60 or 90. For pausing and negating, look at 90 days or longer, so a target in a temporary slump doesn't get cut. Amazon's newer reports go back up to 15 months, so 90 days is easy to pull.

When you do have plenty of data, use a shorter range, because recent data is more relevant. If a keyword had 20 orders last week, what it did a month ago doesn't matter much. That means different ranges for different keywords, which is more work, and it's also where a lot of the performance comes from.

Leave today and yesterday out of bid decisions. Amazon credits an order to the click for up to 7 days after it (14 for vendors and KDP authors) and reports it on the day of the click, so recent days always look worse than they'll end up.



Orders keep arriving for days after the click, so the newest days always look worse than they'll end up.

Try it on your numbers. The clicks before a negative keyword calculator gives you the threshold for your conversion rate.

LESSON 7

Your first campaigns

SHORT ANSWER

- First check the product is in stock and winning the Featured Offer. If it isn't, the ad won't show.
- Run a Sponsored Products **auto campaign** to find searches and a **manual campaign** to test them as exact keywords.
- Start bids near Amazon's suggested bid, but no higher than what a click is worth to you (lesson 5).
- When you promote a search term, keep it running where it came from. Promoting and negating are separate decisions.

Start simple and make it more complicated as you go. You want a structure small enough that you'll actually check it every week.

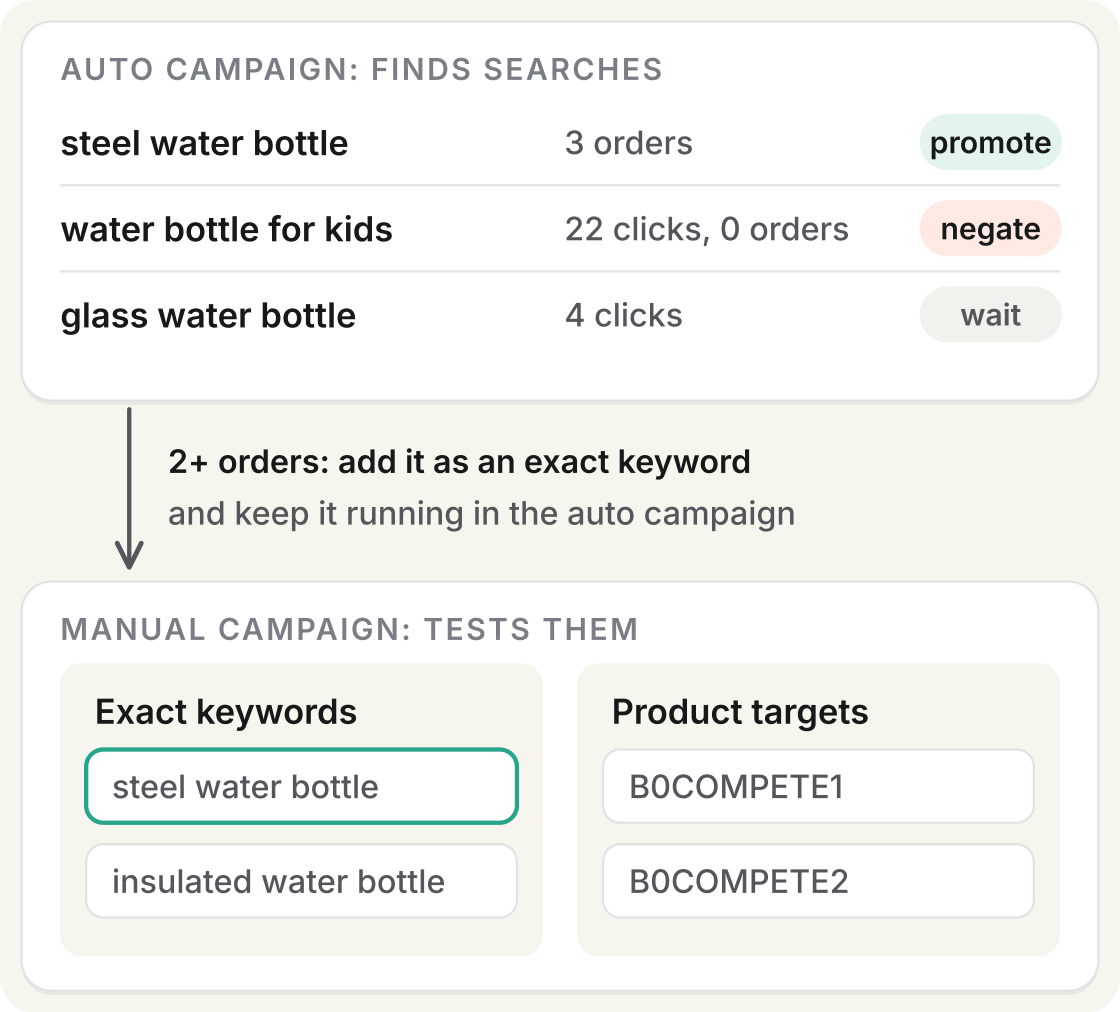
Before you start

Ads only show for a product that's in stock and winning the **Featured Offer** (the Buy Box). If someone else holds it or you're out of stock, your ad doesn't run, no matter the bid. Ads also send traffic to the listing, so get the title, images and price where you want them first.

Discovery, then testing

An auto campaign finds the searches. Amazon picks where to show your ad based on your listing, across searches and product pages. This is where your listing's indexing gets put to work. Because it shows up in so many places, keep it efficient by negating searches that collect about 20 clicks without an order, and searches that obviously have nothing to do with your product as soon as you see them.

A manual campaign tests what the auto campaign found. When a search term in the auto campaign gets a couple of orders, add it to the manual campaign as an exact keyword. When a product page (an ASIN) gets orders, add it as a product target. Now that search has its own bid, and you can push it or pull it back without touching everything else. You can copy them over by hand, or use Target Promotion in the ads console to move them for you.



Promoting and negating are separate decisions. A search that sells keeps running where it was found.

Don’t wait for the auto campaign to fill it, though. Seed the manual campaign on day one with a handful of exact keywords you already know fit, like the main words in your title and the searches you’d type yourself.

Keep keywords and product targets in separate ad groups in the manual campaign. Amazon requires it, and it keeps the data clean anyway.

The settings to pick on day one

Ad type	Sponsored Products (SP). It's where most sellers start, and it's what this course covers
Campaigns	One automatic, one manual, per product
Bidding strategy	Dynamic bids, down only (Amazon's default) or fixed bids. Leave up and down until you have data
Placement adjustments	0% everywhere to start (lesson 4)
Auto targeting	Amazon splits auto campaigns into four target groups (close match, loose match, substitutes, complements). Leave all four on at the same bid to start
Daily budget	Enough for 15 to 20 clicks a day at your starting bid, so a week gives you something to read

Don't cut off the source

A lot of guides say that once you promote a search term to an exact keyword, you should negate it in the auto campaign so the two don't compete. I don't. If the search is still selling in the auto campaign, it's working there, and negating it throws away sales to tidy up a report.

Only negate it in the auto campaign if it's selling there above your target ACOS while the exact keyword does better. Promoting and negating are two separate decisions with two separate rules.

One product per campaign to start

Start each product with its own campaigns, so its results are its own. Close variations of the same product can share, if you don't need them split apart.

Starting bids

Your first bid matters less than you think. It's your way into the auction so you can start collecting data. Higher bids collect data faster and cost more. Lower bids are cheaper and slower. Amazon's suggested bid is a fair read on what the competition is paying, so start near it. If it's more than a click is worth to you (lesson 5), start at what a click is worth instead and let the data move it.

Budgets are guardrails

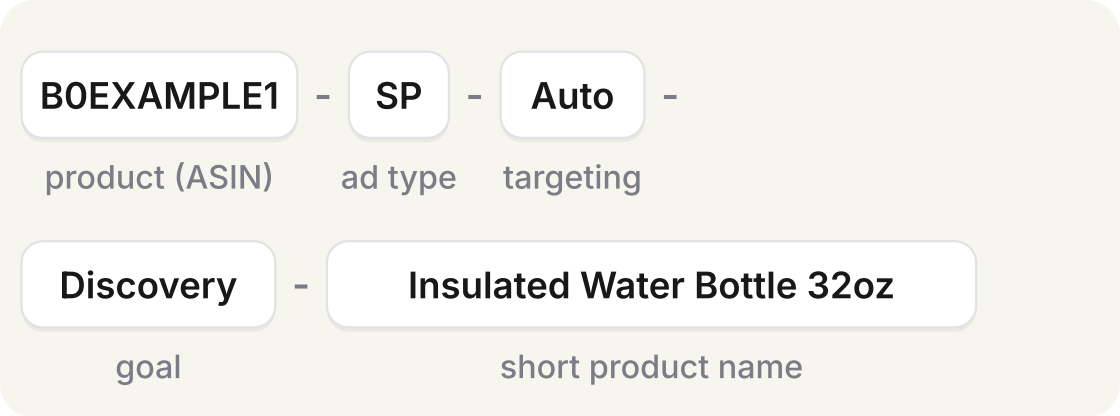
A daily budget is there to stop a runaway day. If a campaign hits its budget every day, it's missing traffic while you're limiting it, so control ACOS with bids and negatives and leave the budget with some room.

If money is tight, test fewer things at once (fewer new campaigns, keywords or products you don't know work yet) instead of starving all of them.

Name campaigns so you can read them later

A campaign's name should tell you what's in it and why, at a glance, a year from now. Include the product (ASIN or SKU), the ad type (SP for Sponsored Products) and targeting, the goal, and a short product name. Beyond SP, spell things out rather than using acronyms you'll forget.

`B0EXAMPLE1 - SP - Auto - Discovery - Insulated Water Bottle 32oz` `B0EXAMPLE1 - SP - Manual Exact - Testing - Insulated Water Bottle 32oz`



Five parts, in the same order on every campaign.

Your first month

For the first couple of weeks, most targets won't have enough data for any rule in lesson 8. That's normal. Look in twice during the first week for the obvious problems: no impressions at all, a budget that runs out by midday, searches that have nothing to do with your product (negate those right away).

Then leave bids alone until targets start reaching the numbers in lesson 6, usually somewhere in weeks three and four. Negating and promoting search terms tend to come first. Bid changes come once targets have a couple of orders.

Try it on your numbers. The campaign structure planner builds this layout for your products, and the target CPC calculator tells you what you can afford to pay per click.

Run this rule every day

Merch Jar Library templates, saved switched off until you turn them on: Adaptive Budget Management .

LESSON 8

The weekly optimizations

THE 8 RULES AT A GLANCE

- Raise bids on winners: 2+ orders and ACOS 3 to 5 points under target. Raise 10%.
- Lower bids on losers: 2+ orders and ACOS over target plus 3 to 5 points. Lower 10 to 20%.
- Targets that aren't showing: zero impressions. Check stock and the Featured Offer, then raise 10% a week.
- Pause targets: 0 orders and 20+ clicks (40+ for broad targets) over 90 days.
- Negate search terms: 0 orders and about 20 clicks over 90 days, or obviously irrelevant.
- Promote search terms: 2+ orders. Add as an exact keyword and keep the source running.
- Adjust placements: move the adjustment 10 to 25 points toward target.
- Pause products: plenty of clicks and no orders while others in the ad group sell.

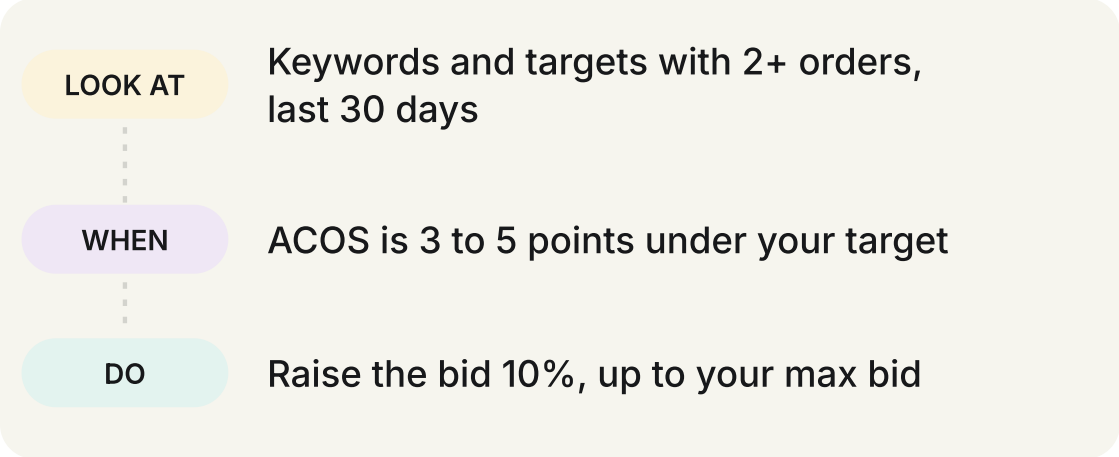
Every change you make either expands or contracts. Expanding is raising bids, adding keywords and testing new campaigns, to find more sales. Contracting is lowering bids, pausing and negating, to waste less.

You'll do both every week on individual keywords. The account-level question is which way to lean. If ACOS is well under target and you want more sales, lean toward expanding. If it's over target, lean toward contracting.

Make the changes at the level the data lives. Bids and pauses on targets, negatives on search terms, pauses on ads. A campaign's totals blend everything in it together, so a campaign that looks bad can have great keywords hiding inside it, or one search eating most of the budget that a single negative would fix. You'll rarely need to pause a whole campaign.

Before you run them

- **Pull the right reports.** The rules below use four reports from Amazon Ads reporting: Targeting (your keywords and product targets), Search term, Placement and Advertised product. The free tools at the end of this lesson read them for you.
- **Use date ranges that end two days ago.** The last two days are still filling in (lesson 6). The rules use 30 days for bid changes and 90 days for pausing and negating, unless lesson 6 says otherwise.
- **Skip anything you changed in the last week.** A 10% raise judged on 30 days of data is still mostly the old bid's data, so the same keyword would qualify again next week. A simple change log (date, target, old bid, new bid) keeps you honest.
- **Add up search term rows first.** The search term report has a row per search per target, so one search can show up on several rows. Add its clicks up within the ad group before you compare them to a threshold.



Every rule below has the same three parts.

Raise bids on winners

Look at	Keywords and targets with at least 2 orders, last 30 days (the Targeting report)
When	ACOS is below your target by a few points (I use a 3 to 5 point buffer, so 22% or lower for a 25% target)
Do	Raise the bid 10%
Watch out for	Leave anything close to target alone. Set a max bid (what a click is worth from lesson 5, plus a little room) so a keyword that keeps qualifying can't climb forever.

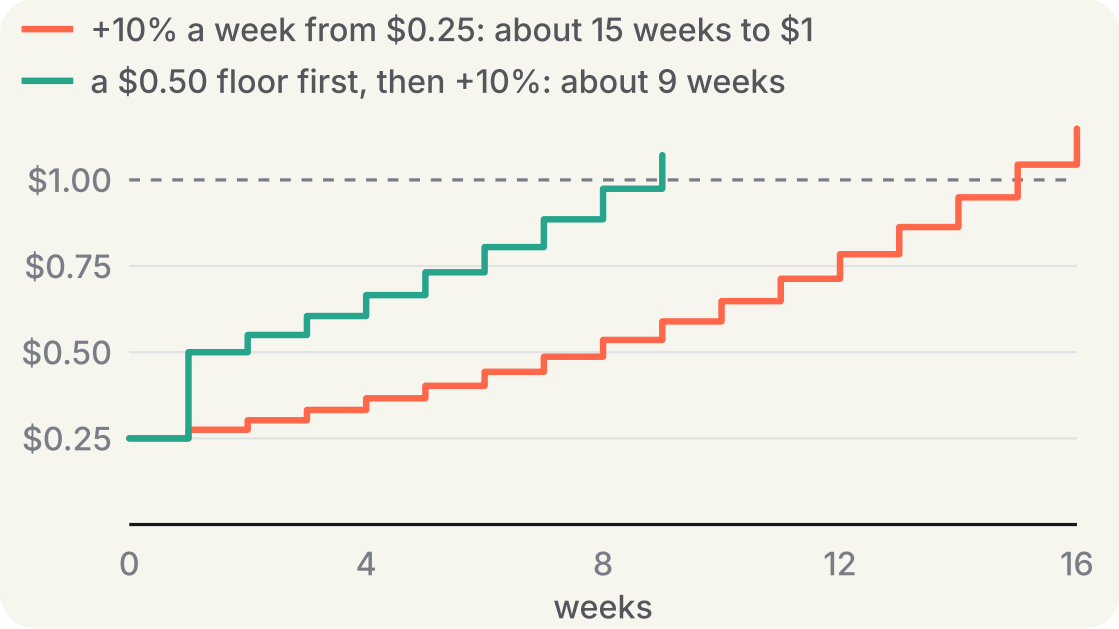
Lower bids on losers

Look at	Keywords and targets with at least 2 orders, last 30 days (the Targeting report)
When	ACOS is above your target plus a 3 to 5 point buffer
Do	Lower the bid 10 to 20%, more the further it's off. With a 25% target: 10% for 30 to 40% ACOS, 15% for 40 to 50%, 20% above 50%
Watch out for	Small bids. A 10% cut on a $0.25 bid is under 3 cents. And if the CPC is already far below the bid, a cut may not change what you pay (lesson 4).

Get impressions on targets that aren’t showing

Look at	Keywords and targets over the last 7 to 30 days (the Targeting report)
When	Zero impressions
Do	First check the product is in stock and winning the Featured Offer, since the ad won’t show otherwise. Then raise the bid 10% a week, with a max bid
Watch out for	If a target still has zero impressions after 90 days of weekly raises, the bid probably isn’t the problem. Start it over in a new campaign or ad group. Check the bidding strategy too (lesson 4).

Percentages barely move small bids. At 10% a week, a $0.25 bid takes about 15 weeks to reach $1. Give low bids a floor (anything under a set amount jumps straight to it) or a minimum step of a few cents.



Percentages barely move small bids. A floor gets a low bid into the auction sooner.

Pause targets that spend without selling

Look at	Keywords and targets over 90 days (the Targeting report)
When	0 orders and more than 20 clicks (exact and product targets) to 40 or more (phrase, broad, auto and category)
Do	Pause the target
Watch out for	Targets with 1 order get the same treatment at more clicks, 50 to 80. On broad targets, try negating the bad searches first.

Negate search terms that spend without selling

Look at	The Search term report, 90 days
When	0 orders and about 20 clicks (use your own number from lesson 6). Searches that obviously aren't for your product (wrong item, wrong size, "free") can go straight away
Do	Add the search as a negative exact keyword in that campaign or ad group. If the row is a product ID (it starts with B0), add it as a negative product target instead
Watch out for	Look for words that keep showing up across bad searches. A negative phrase on the shared word can catch dozens at once.

Once a month, save a copy of your search term report, or schedule it in Amazon Ads reporting so it arrives on its own. Then the history is there whenever you need a longer look.

Promote searches that sell

Look at	The Search term report from your auto campaign, and from any phrase or broad keywords
When	2 or more orders. Ask for more (3 or 4) before adding it as a phrase or broad keyword.
Do	Add it to your manual campaign as an exact keyword (or a product target, if it's an ASIN)
Watch out for	Don't negate it where it came from while it's still selling there (lesson 7).

Adjust placements

Look at	The campaign's results by placement, 30 days (the Placement report)
When	A placement's ACOS is above target, or below it with room to grow
Do	Move that placement's adjustment down or up 10 to 25 points (from 50% to 30%, say)
Watch out for	Adjustments can't go below 0%. If a 0% placement is still too expensive, lower the bids instead.

Pause products that don’t sell

Look at	The advertised products in each ad group, 90 days (the Advertised product report)
When	A product has plenty of clicks and no orders while others in the ad group sell
Do	Pause that product’s ad
Watch out for	Check the listing (price, stock, reviews, the main image) before blaming the ad.

How often

Weekly is a good rhythm by hand. Pick a day, run the rules, and you’re most of the way to well-run campaigns. Smaller changes more often respond faster to what the market is doing, which is where automation earns its keep, because nobody wants to do this every morning.

Try it on your numbers. The negative keyword finder lists the searches past your threshold, the n-gram analyzer finds the words that keep showing up in bad searches, and the search term report analyzer shows wasted spend and searches ready to promote.

Run these rules every day

Merch Jar Library templates, saved switched off until you turn them on: Dynamic Bid Management , Pause underperforming keywords and targets , Search Term Waste Elimination , Product Ad Waste Elimination .

LESSON 9 · Optional, for authors

Advertising books on KDP

SHORT ANSWER

- The ACOS in your ads console leaves out Kindle+ page reads, so a book that earns from reads can look unprofitable while it's making money.
- **Blended ACOS** = ad spend ÷ (margin × ad sales + page-read royalties). 100% is break-even.
- Then adjust for reads that land after the 14-day window, and for readers who go on to buy the rest of the series.

If you advertise books on KDP, everything above applies, with one big problem. The ACOS in your ads console only counts order sales. The console does show estimated page reads and royalties from Kindle+ (Kindle Unlimited until October 2026), but ACOS leaves them out, so a book that earns most of its money from page reads can show a terrible ACOS while making money.

That’s why authors get told to ignore ACOS and just compare royalties to ad spend. That’s too blunt to manage keywords with. You can fix the number instead.

Blended profit and blended ACOS

You can’t add order sales and page-read royalties together as they are. Royalties are money in your pocket. Order sales are the list price, and you only keep a share of that.

So first turn sales into profit with your average margin. Total royalties from orders divided by total list price of those orders gives you that margin.

Average margin × ad sales + estimated page-read royalties = **blended profit**

Ad spend ÷ blended profit = **blended ACOS**

Because margin is already taken out, break-even is 100%. A $100 spend that brings in $100 of blended profit pays for itself. Below 100% the ads make money, above it they cost money.

Page reads after the attribution window

Page reads only count toward your ads if they happen within 14 days of the click. A reader who borrows your book and starts it next month, or finishes it in week three, earns you royalties the console never credits to the ad.

Nobody can tell you exactly what share of reads happens in those 14 days. It depends on genre, length and how fast your readers binge. A romance audience might finish 80 to 90% within two weeks. A fantasy reader with a long backlog might only get 20 to 30% done. Pick a percentage you believe and lean conservative (higher).

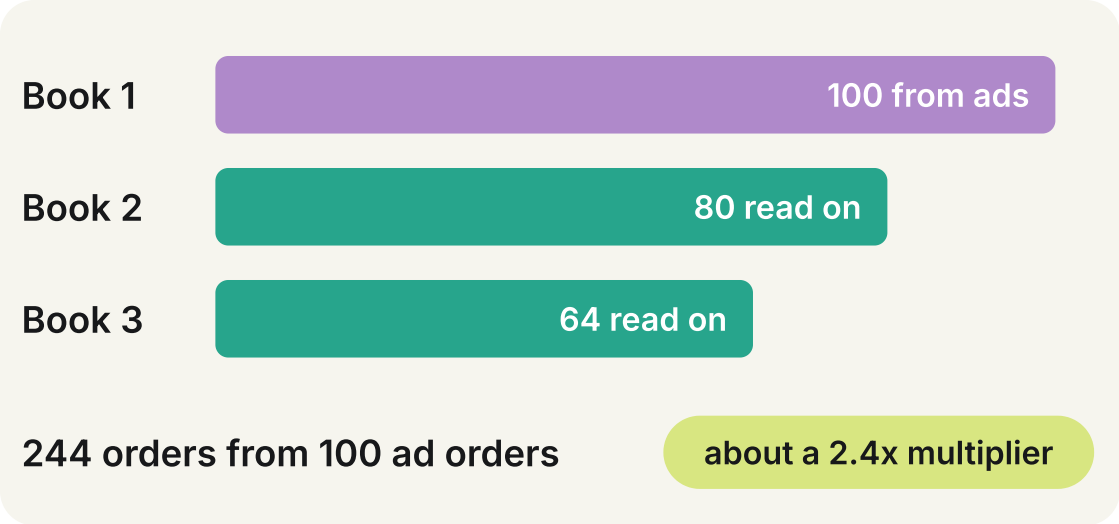
Estimated royalties ÷ your 14-day read share = **extended royalties**

If half of reads happen in the window and the console shows $100 of royalties, that's about $200. Use the extended number in blended profit.

Series read-through

Someone buys book one from your ad, likes it, and goes on to buy book two, three and four on their own. The ad gets credit for book one only.

Your series read-through rate fixes that. Divide book two's orders by book one's, book three's by book two's, and so on. If you use page reads instead, divide each book's reads by its page count (its KENPC) first, so a longer book two doesn't inflate the rate. If 80% of book one readers buy book two, then 100 ad orders of book one are worth about 80 more orders of book two, and some of those carry on to book three.

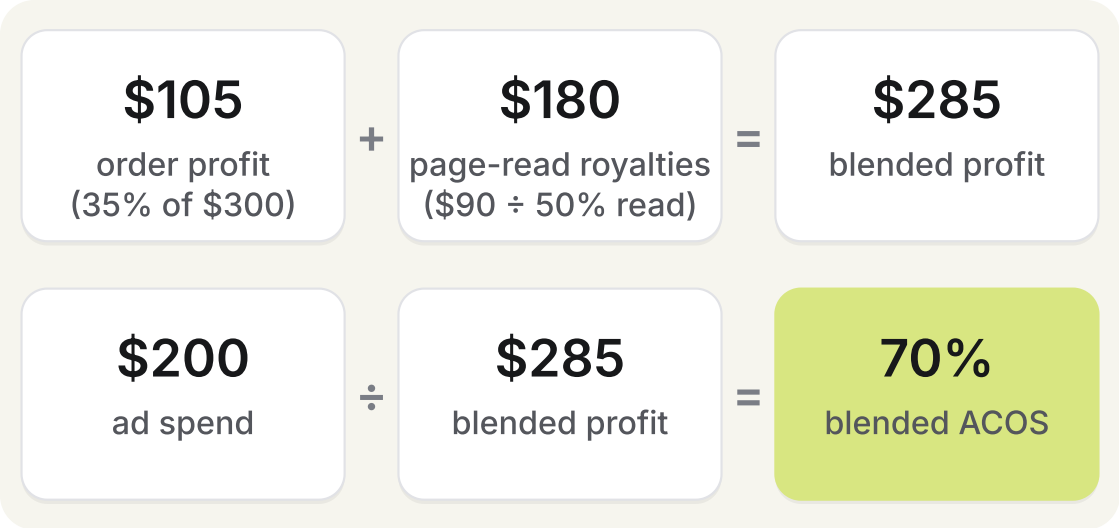


With 80% of readers going on to each next book.

Add those up and you get your **ad impact multipliers**. If every ad order of book one leads to two more orders down the series, each ad order is really worth three, a 3x order multiplier. Page reads get their own multiplier the same way, and the extended-reads adjustment stacks on top.

Putting it together

Say a month of ads on book one spends $200 and the console shows $300 of ad sales and $90 of page-read royalties. At a 35% margin, the sales are worth $105. You think about half of reads land inside the 14 days, so the $90 is really about $180. Blended profit is $105 + $180 = $285, and $200 ÷ $285 is a blended ACOS of about 70%. The ads pay for themselves on book one alone.



The worked example above, step by step. Under 100% is profit.

Now add the series. If your order and page-read multipliers both come to about 2x, that $285 is closer to $570 across the series, and the blended ACOS drops to about 35%.

To manage keywords, run the lesson 8 rules on blended ACOS instead of the console's ACOS, against a target under 100% (lower if you want book one's ads to make money by themselves).

None of this is exact. You can't measure cross-series buys or how much organic ranking the ads bought you. But a reasonable estimate beats ignoring ACOS completely, and it tells you which keywords are actually earning their spend.

Try it on your numbers. The KDP read-through calculator works out your series multiplier, what a book one reader is worth and your break-even ACOS on book one.

LESSON 10

Your weekly checklist, and what comes next

SHORT ANSWER

- Run the eight rules from lesson 8 once a week, from the checklist below.
- If doing it by hand gets slow, the same rules can run every day as Merch Jar Library templates. You preview each one, it's saved switched off, and you turn it on.
- Add more structure (single keyword campaigns, STAT, brand defense) only when a product has the sales to feed it.

Your weekly checklist

Once a week, same day. Use date ranges that end two days ago, and skip anything you changed in the last 7 days.

- [ ] **Raise bids on winners.** 2+ orders and ACOS 3 to 5 points under target, last 30 days: raise the bid 10%, up to your max bid.
- [ ] **Lower bids on losers.** 2+ orders and ACOS over target plus 3 to 5 points: lower the bid 10 to 20%.
- [ ] **Targets that aren't showing.** Zero impressions in 7 to 30 days: check the product is in stock and winning the Featured Offer, then raise the bid 10% a week.
- [ ] **Pause targets that spend without selling.** 90 days, 0 orders and 20+ clicks (exact and product targets) or 40+ (phrase, broad, auto, category). 1 order at 50 to 80 clicks.
- [ ] **Negate search terms that spend without selling.** 90 days, 0 orders and about 20 clicks. Obviously wrong searches right away. Product IDs become negative product targets.
- [ ] **Promote searches that sell.** 2+ orders: add as an exact keyword (or product target) in the manual campaign. Keep it running where it came from.
- [ ] **Adjust placements.** 30 days by placement: move an adjustment 10 to 25 points toward target.
- [ ] **Pause products that don't sell.** 90 days, plenty of clicks and no orders while others in the ad group sell: check the listing, then pause the ad.

Once a month, save a search term report so you keep the history.

That’s the course. The checklist above is lesson 8 on one page, and it’s in the PDF too if you’d rather print it and pin it up.

Running the rules every day

Every optimization in lesson 8 is a rule. A condition, an action and a time window. Doing them by hand once a week works, and it's how I started. It gets hard when you have hundreds of products, or more than one account, or you want the changes made every day instead of every Monday.

That's what Merch Jar does. You write each rule as logic you can read (or have your AI write it with you), preview exactly which keywords it would change, and save it switched off. You turn it on when you're happy with it, and from then on it runs every day, the same way every time.

The Core Six in the Merch Jar Library covers most of lesson 8.

Rule in this course	Library template
Raise and lower bids toward target ACOS	Dynamic Bid Management
Pause targets that spend without selling	Pause underperforming keywords and targets
Negate search terms that spend without selling	Search Term Waste Elimination
Pause products that don't sell	Product Ad Waste Elimination
Budgets as guardrails	Adaptive Budget Management
A proven keyword that suddenly stops getting impressions	Impression Recovery Boost

Promoting searches that sell is handled by Smart Campaigns. Once you set it up and turn it on, it turns converting search terms into keywords and product targets.

Every plan has a 14-day free trial. Start your free trial.

What comes next

Once the basics run every week, the next step is more structure, added only when a product has the sales volume to justify it. Complex structures without the data to feed them just split your clicks thinner.

That's what the Advanced course covers.

- **Splitting auto campaigns by target group** (close match, loose match, substitutes, complements), so each gets its own bids and placement adjustments.
- **Lottery campaigns.** Your whole catalog in one campaign at low bids, to catch cheap sales.
- **Category campaigns,** to find new product targets.
- **Search term ASIN targeting (STAT).** Targeting the products that rank at the top for a search, often cheaper than bidding on the search itself.
- **Brand defense.** Your ads on your own product pages, so a competitor's ad isn't the one there.
- **Single keyword campaigns,** for your best keywords, so placement adjustments and bidding strategy apply to one keyword at a time.
- **Moving keywords between match types** to find new variations, then bringing the winners back to exact.
- **Branded and non-branded traffic,** and why mixing them hides how the ads really perform. The branded vs non-branded ACOS tool splits them for you now.

REFERENCE

Glossary

ACOS

Advertising cost of sale. Ad spend ÷ ad sales. Lower means the ads cost less per dollar of sales.

Ad group

A container inside a campaign that holds ads, targets and the search terms they showed on.

Every ad in an ad group shares its targets and bids.

AOV

Average order value. Sales ÷ orders.

ASIN

Amazon's 10-character ID for a product.

Attribution window

How long after a click Amazon credits an order to it: 7 days for sellers, 14 for vendors and KDP authors.

Auto campaign

A campaign where Amazon picks the searches and product pages from your listing. It has four target groups: close match, loose match, substitutes and complements.

Bidding strategy

The campaign setting that tells Amazon what to do with your bid in each auction: fixed, down only, up and down, or rule-based.

Blended ACOS

Books. Ad spend ÷ blended profit, which combines profit from orders and page-read royalties. 100% is break-even.

Campaign

The top-level container for ad groups. Budget, bidding strategy and placement adjustments are set here.

Category target

Bidding to show your ad across a product category, optionally narrowed by price, rating or brand.

Clicks

How many times shoppers clicked your ad.

Conversion rate

Orders ÷ clicks.

CPC

Cost per click. Ad spend ÷ clicks.

CTR

Click-through rate. Clicks ÷ impressions.

Default bid

The bid an ad group's targets use unless you set their own.

Featured Offer

The offer shown in the Buy Box on a product page. Sponsored Products ads only show for a product that's winning it and in stock.

Impressions

How many times your ad was shown.

Indexing

Whether your product shows up for a search at all, based on your listing.

KENP

Kindle Edition Normalized Pages, how Kindle+ (formerly Kindle Unlimited) pages read or listened to are counted and paid.

Keyword

What you bid on to show up for search terms.

Manual campaign

A campaign where you choose the keywords and product targets.

Match type

How closely a search has to match your keyword (exact, phrase or broad).

Negative keyword

A search you've told Amazon not to show your ad for.

Placement adjustment

A percentage (0% to 900%) that raises your bids when the ad competes for one placement.

Placement

Where the ad appeared (top of search, rest of search, product pages or Amazon Business).

Product target

Bidding to show your ad on a specific product's page.

ROAS

Return on ad spend. Ad sales ÷ ad spend. ACOS flipped.

RPC

Revenue per click. Ad sales ÷ clicks.

Search term report

The report of searches (and product pages) your ads showed on that got at least one click.

Search term

What a shopper typed into the search bar.

Sponsored Products (SP)

The ad type that promotes a single product in search results and on product pages. Most sellers start here.

Suggested bid

Amazon's estimate of the bid it takes to win clicks for a target.

TACOS

Total ACOS. Ad spend ÷ total sales, ads and organic together.

Target ACOS

The ACOS you're aiming for. Break-even (your margin) is a good start.

Target

Anything you bid on. Keywords, product targets, category targets and auto target groups.

Top of search impression share

The share of top of search impressions you won out of those you were eligible for.