



Pricing Your Kindle Books for Maximum Results

Purpose

As the title suggests, in this lesson you will learn about pricing your Kindle books for maximum results. The reason it isn't titled "... for Maximum Profits" is because profits may not be your primary motive in pricing some of your Kindle books. The various strategies you can employ will be discussed in a different lesson, however in this lesson we will take a look at a few which will definitely affect how you price your book.

Royalty Options

When selling books on Amazon, you are given two royalty options to work with. The royalties earned on a book are a percentage of the price of the book. The two royalty options available on Amazon are:

- 35% (\$0.99 to \$200)
- 70% (\$2.99 to \$9.99)

For option 1, this means for every dollar the book sells for, you earn \$0.35. For option 2, you earn \$0.70 on every dollar.

There are other factors involved here (such as Amazon's delivery costs) but you don't really need to know about this. All you really need to know is that if you're going to price your book higher then you will go with option 2, and if you price your book between \$0.99 and \$2.98 you'll be going for option 1. For the most part you'll use the 35% option for your \$0.99 books then jump to the 70% option for the rest.

Pricing Your Book

There are four things that pricing your book depends on:

- Quality and amount of content
- Competition (in whatever keyword/category you are targeting for the book)
- Size of audience
- Marketing strategy

Content

The first question you need to ask yourself is "how will people FEEL if they pay \$x.xx for my book?" Content quality (and quantity to some degree) is very important no matter what price you sell your book at, but how much effort you put into that quality (e.g. well written, well



researched, edited well and you have put a lot into it) may determine what price you think is valid and how well it is received by the buyers.

For example, if you have just thrown a 10-20 page e-book together that is not well edited with content that may have some value but isn't very substantial, people may feel cheated if you sell such a book at, for example, \$9.99.

Take that same book, improve the quality, make the information useful and drop the price, and people may feel better about the purchase. Provide excellent content at a low price and you're almost guaranteed to make the buyer happy, although there are some out there that, no matter how good the content is and how well priced for the quality and quantity provided, will still write a bad review.

A final point on this is that if you are running different marketing strategies or targeting very specific markets with short books, pricing at \$0.99 or even \$2.99 may be a better option because buying these kinds of books is more of an impulse purchase and people's expectations are not as high. This doesn't mean you ignore quality but you at least know it's not as critical as a higher priced book.

Another question you can ask yourself is "Are people buying my book because they know I am a good author or because they are just finding it on Amazon?" If you perform some of the promotion strategies outlined in this course, you can get your Kindle books ranked high for, to a certain extent, just about any category or keyword you want. Beyond that, it is the quality of your content and how well people know you that is going to drive your rankings into the very high positions.

This being true, if you price too high for the quality of the book, people are going to feel cheated. On the other hand, if people are buying your books because you're a well-known author, you can price your books higher because you have a built-in, purchasing audience.

As you can see, content plays an important role in pricing. Whether potential new buyers find your books because of good promotion on your part or you have an established readership from buyers who know you, pricing needs to correspond with the quality of your book and the quality and quantity of the content are important criteria in determining the price.

Competition

In considering competition to determine pricing, what you want to do is check the different keywords and categories you're targeting and see what your competitors are charging for their books. Knowing what they charge, you may want to charge similar prices, knowing the market appears willing to pay those prices.



However, another strategy you may decide to go with is lower pricing. Even though the pricing is lower, you can still do very well because Amazon loves low prices and may rank you higher than some well-known, big-name authors that have sold millions of copies. Content is likely playing a role here as Amazon also loves fresh content which means if you just uploaded your book, which may have only taken a few days to put together following the strategies outlined in this course, and compete against an existing book written by some big-name author that took a year or more to write and has already sold a million copies, you could still rank higher simply because your book is newer.

All said, the point here is to take into account your competition and how you want to position yourself against them, taking into account that Amazon loves low prices and how this may provide you with a strong tendency toward lower pricing.

Size of Your Audience

The size of your audience is an important factor in determining your price for your Kindle book.

For example, if you are targeting something extremely specific, chances are the audience reach is going to be smaller and therefore result in fewer buyers. In this scenario, if your goal in selling your Amazon book is to actually make money instead of just to promote your brand or your other products and services outside of or on Amazon, then you may want to price the book higher as otherwise reaching your target profit goal will require more sales.

However, if your goal is just to promote your brand or your other products and services outside of or even on Amazon, then a lower price may work best for you.

Here are a few numbers you can play with, which are applied to a book size of about 1 megabyte. These numbers also take into account the different royalty options. These numbers tell you how much would need to be sold at one price to reach the same profit level if sold at the second price:

- 6x at \$0.99 vs. \$2.99
- 20x at \$0.99 vs. \$9.99
- 3.3x at \$2.99 vs. \$9.99

Going by the numbers, if you think you can sell the needed amount at the lower price to achieve the same profit result you would achieve at the higher price, you may find the lower price the better option.

Now, these numbers are not hard and fast. The point in showing these numbers is that you can play with the prices on your Kindle books but take into consideration what profit can be gained at various prices and decide which one works best for you.



Marketing Strategy

The final consideration for determining your price is your marketing strategy.

To start with, a low price book (\$0.99 and maybe even \$2.99) is typically an impulse buy. The purchaser happens upon your book while browsing on their Kindle and just clicks "buy" because it's low cost and they aren't worried about losing money on the deal. You'll get a lot of purchases at this price over, for example, a \$9.99 price because the latter price is substantially higher.

Of course, there is the strategy of using the lower price books to promote higher price books. This is discussed more at length in the Promotion lessons but basically how this works is that you use a bunch of \$0.99 books to promote a higher priced book (\$2.99 or even \$9.99) by including links in the \$0.99 books that go to the higher priced books. Then, by selling a large amount of the \$0.99 books, you expand the exposure to the larger priced books and potentially increase your sales by doing so while at the same time making some money on the \$0.99 books. This works nicely as well to help establish your credibility because the more \$0.99 books you sell, the higher your credibility is likely to go up.

Another thing to think about is that lower price typically means more buyers. More buyers typically means more reviews (lower prices = more buyers = more reviews) so from a marketing strategy standpoint, having lower prices may be the better way to go.

Conclusion

This concludes this lesson. As you can probably guess, none of this is written in stone but it does give you an idea on the types of strategies you can employ and the amount of room you have to determine pricing.

Some books you may want to price at \$0.99 because they target a very specific audience or they are less substantial in quality and quantity of content or you're just using them for promotion purposes.

Lower prices will also typically mean more buyers, which will typically mean more reviews. So if ranking is your goal, and knowing reviews helps ranking, you may be inspired to go with lower prices to get those reviews. Using higher prices while ranking as your goal will mean more work but isn't necessarily unattainable.

So, depending on your content quality and quantity, combined with your goal and marketing strategy and where the competition is at in the same markets you are targeting, you will want to set your prices accordingly, knowing that there is benefit to both high prices and low prices.