



# **#AudibleGate: How Amazon and Audible are Seizing Millions in Royalties from Authors**

## **Background**

Audible, an Amazon-owned retailer of audiobooks, has been seizing royalties of its authors to fund its "Easy Exchange" benefit for customers. Amazon and Audible refuse to disclose the amount taken without author knowledge or consent, but a reporting error revealed that some authors are losing up to 50% of their income to the scheme.

## **Key Facts**

- Audible, an Amazon company, is the largest retailer of audiobooks in the world. Together with Amazon, they control an estimated 90% of the market.
- Audible actively markets "easy exchanges" as a customer benefit allowing no-questions-asked exchanges of audiobooks for up to one year from the date of purchase.
- Authors' royalties are debited for these exchanges, without their consent and often without their knowledge.
- Deductions for returns are not disclosed on royalty reports; instead, Audible masks the amount withheld by reporting only net sales.
- The extent of the practice came to light when a reporting error caused 49 days' worth of returns to be charged to authors' accounts on a single day.
- Audible claims that abuse is "extremely rare" and that they can and do "limit the number of exchanges and refunds allowed by a member". However, individuals have documented playing and returning 50 books on a single credit.
- Authors are locked into 7-year contracts with Audible, and cannot opt out of the return program that was not part of their original contract terms.
- Amazon's treatment of authors, vendors, and competitors is under increasing scrutiny as the retail giant faces renewed calls for antitrust regulation.

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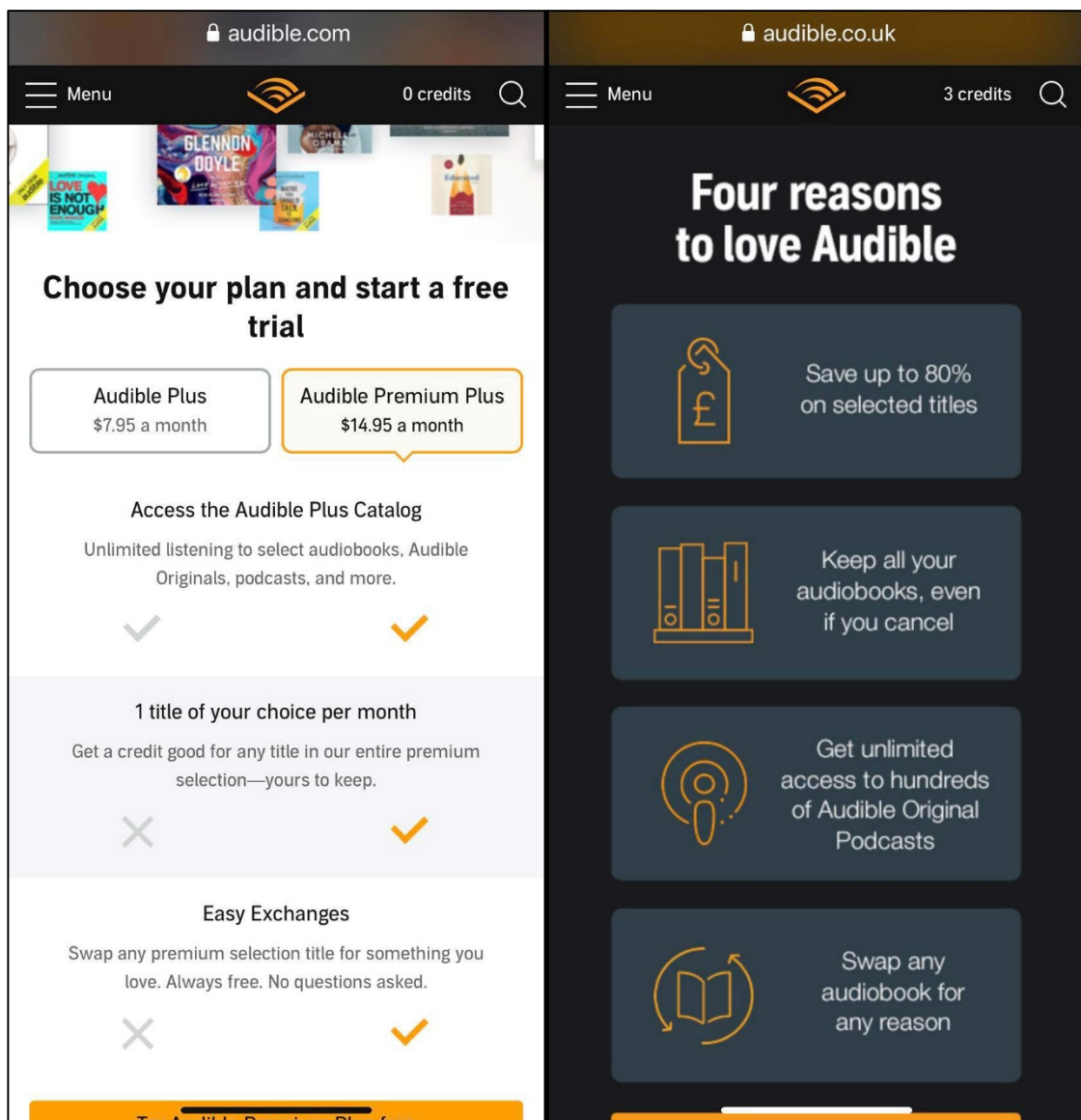
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## I. Pervasive marketing of author-funded "Easy Exchanges"

Audible aggressively promotes its Easy Exchanges feature throughout its website, apps, and marketing communications.

The Easy Exchanges feature allows subscribers to exchange an audiobook up to one year after purchasing and listening to the audiobook, without question.



*Left: Audible's US signup page. Right: Audible's UK signup page.*


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Audible promotes the feature extensively throughout its website and other promotional channels.



## Exchanges

If you buy a title with a credit and it's not your thing, you can swap it.

[Learn more >](#)



**Easy exchanges**  
Exchanging any title purchased with a credit is free and easy.

## Ready to start listening?

Join Audible

\$14.95 per month. Cancel anytime.

Left: A panel from Audible.com's [signup page](#). Right: An email promotion from Audible.

### What is included in Audible membership plans?

	Audible Plus Membership	Audible Premium Plus Membership	Audible Premium Plus Membership 2 credits	Audible Premium Plus Annual Membership 12 Credits	Audible Premium Plus Annual Membership 24 Credits
<b>Access the Audible Plus Catalog</b> Unlimited listening (streaming or download) to select audiobooks, Audible Originals, podcasts, and more.	✓	✓	✓	✓	✓
<b>Earn Credits</b> Get a credit(s) good for any title in our entire premium selection—yours to keep.	✗	1 Credit per month	2 Credits per month	12 Credits per year	24 Credits per year
<b>No Wasted Credits</b> Keep hold of your credits for up to a year.	✓	✓	✓	✓	✓
<b>Exclusive Discounts</b> 30% off all additional premium selection titles you want, plus access to exclusive sales.	✗	✓	✓	✓	✓
<b>Easy Exchanges</b> Exchange titles if you don't love them.	✗	✓	✓	✓	✓
<b>Cost.</b>	\$7.95 per month	\$14.95 per month	\$22.95 per month	\$149.50 per year	\$229.50 per year

### Related Articles

- [Information about th](#)
- [Information about th Membership](#)
- [How can I tell which](#)
- [How do I sign up for](#)
- [How do Amazon anc](#)

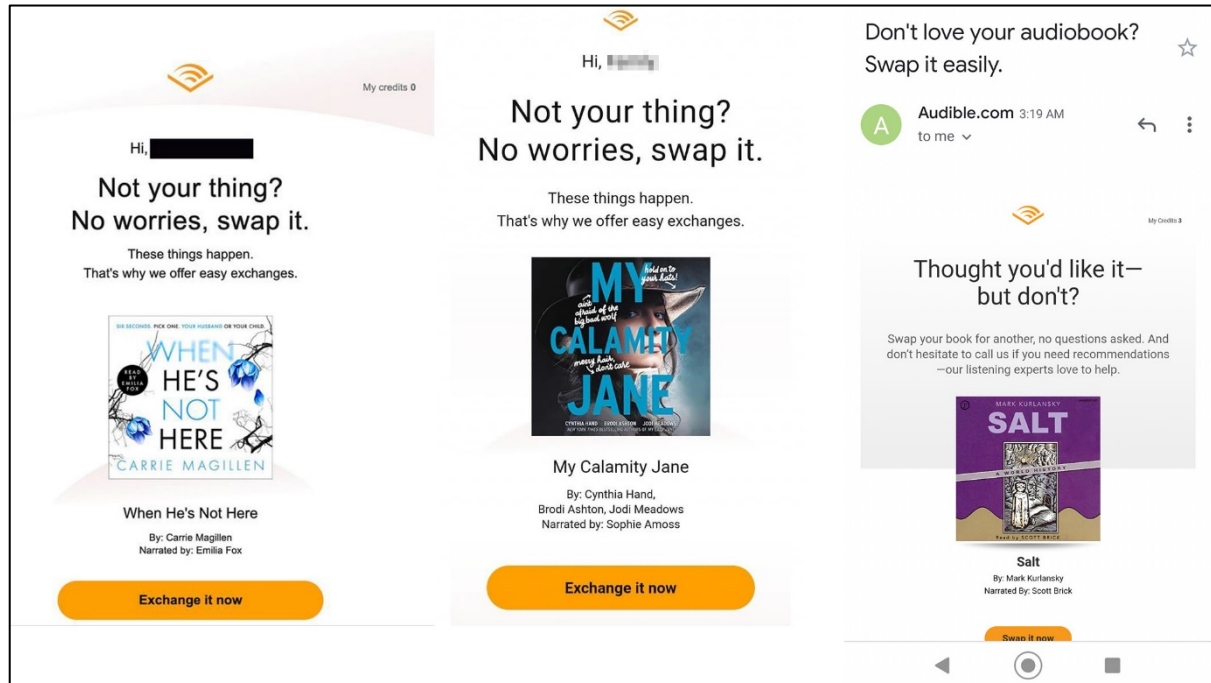
*Easy Exchanges marketed as a key feature in Audible's premium subscriber services.*

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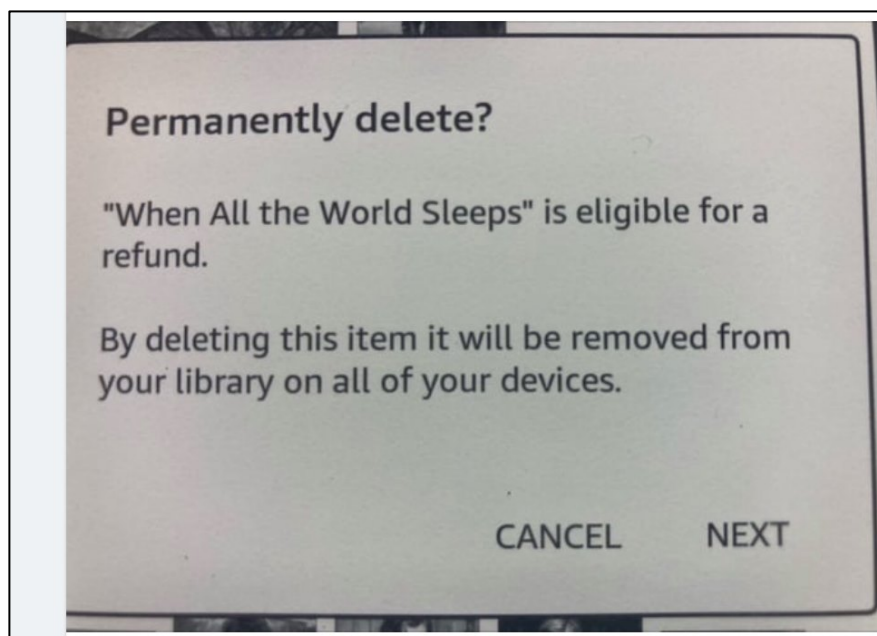
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Audible regularly promotes the feature directly to current subscribers, encouraging them to exchange audiobooks they've previously purchased and listened to.



Three Audible emails reminding subscribers that they can freely exchange audiobooks they've listened to.

When a customer attempts to delete an audiobook from their Kindle device, a popup suggests exchanging the title for a different audiobook.

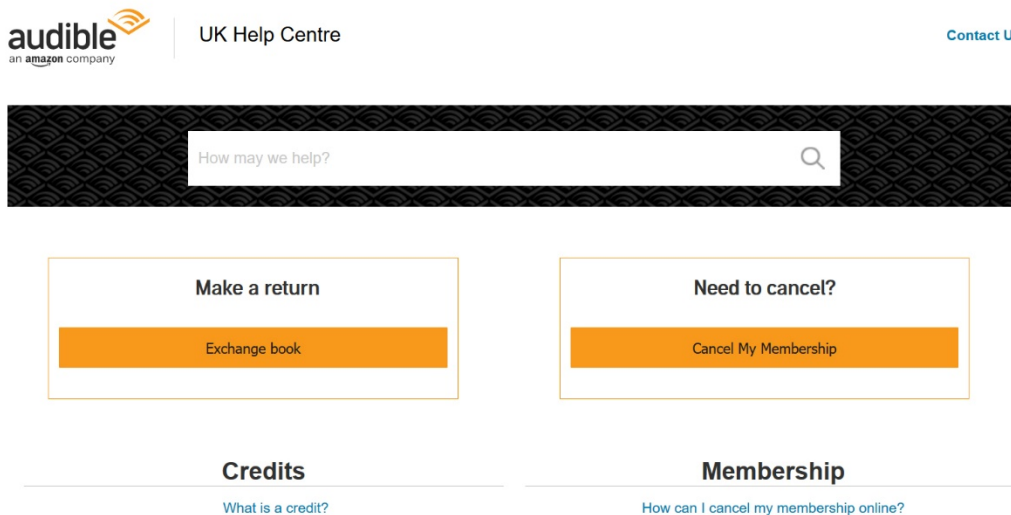


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Should the subscriber encounter a problem, Audible immediately suggests exchanging an audiobook as their first solution.



*Audible's UK Help Centre suggesting "Make a return" as a frequently used solution.*

Answer a few questions about the issue you are having and we'll get someone to help.

## 1. What can we help you with?

Account & Membership

Payment & Returns

Listen & Play

## 2. Tell us more

Please make a selection



*"Exchange your audiobook" is the first option suggested on Audible's help interface dropdown.*

Audible relentlessly encourages subscribers to take advantage of Easy Exchanges throughout their website, apps, and marketing communications, without disclosing that it is the authors and narrators who pay for it.

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## II. Royalty reporting hides the fact that authors are paying massive costs for the Easy Exchanges feature.

ACX, the Amazon-owned audiobook producer that distributes to Audible, [explains that](#)

*"Each time a unit is returned and refunded in either store, your sales units decrease... Depending on when the purchase and refund occurred, this may not be displayed on your royalty statements. If the royalty for your Audiobook was already paid for in the previous payment cycle, ACX will subtract it from the following payment period."*

In other words, Audible reports only net sales, with any deductions already factored into the total. If the author sells 50 books, and 30 of them are exchanged at the author's expense, Audible displays this as 20 net sales. The author has no way of knowing that more than half their income has been siphoned from their account to fund Audible's program.

In this example, the author was billed for a return on a book that had been withdrawn from ACX/Audible nearly a year earlier, alerting them to the practice.

2 total titles							Export as  PDF  CSV
			AL Units	ALOP Units	ALC Units	Total Sales Units	Bounty Units*
<b>06/1/2020 - 06/30/2020 Totals</b>			<b>-1</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>0</b>
Title ▲	Author Name	On Sale Date	AL Units	ALOP Units	ALC Units	Total Sales Units	Bounty Units
<a href="#">Open History (2 Books Available)</a>	<a href="#">Audible</a>	<a href="#">10 Dec 2019</a>	-1	0	0	-1	0
<a href="#">View on Audible</a>   <a href="#">View on ACX</a>							
<a href="#">My Favorite/Popular/Recommended/Also Through Your History</a>	<a href="#">Audible</a>	<a href="#">10 Dec 2019</a>	0	0	0	0	0
<a href="#">View on Audible</a>   <a href="#">View on ACX</a>							

*Debits made to an author's account almost one year after the book was withdrawn from publication.*

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Another author recorded a partial figure of over 100 returns charged to their account, completely obliterating their income for the month.

Note that the true figure is even more catastrophic than the report shows, as there were additional sales royalties that were eaten by the returns.

This is an increasingly common scenario as readers discover they can exploit the feature to listen to an entire series on a single Audible credit, exchanging each audiobook for the next in the series.

To date, there is no indication that Audible and Amazon are doing anything to curb this abusive practice.

6 total titles

Export as PDF CSV

			AL Units	ALOP Units	ALC Units	Total Sales Units	Bounty Units*
09/1/2020 - 09/30/2020 Totals			-3	-69	-33	-105	0

Title ▲	Author Name	On Sale Date	AL Units	ALOP Units	ALC Units	Total Sales Units	Bounty Units
			3	0	-1	2	0
<a href="#">View on Audible</a>   <a href="#">View on ACX</a>							
			-3	-8	-7	-18	0
<a href="#">View on Audible</a>   <a href="#">View on ACX</a>							
			-1	-11	-6	-18	0
<a href="#">View on Audible</a>   <a href="#">View on ACX</a>							
			-1	-13	-4	-18	0
<a href="#">View on Audible</a>   <a href="#">View on ACX</a>							
			0	-26	-9	-35	0
<a href="#">View on Audible</a>   <a href="#">View on ACX</a>							
			-1	-11	-6	-18	0
<a href="#">View on Audible</a>   <a href="#">View on ACX</a>							

Show 10 rows per page 1

*A royalty report from ACX (Audible's production arm) showing massive returns.*

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The scope of the exploitation came to light when an error in reporting caused returns from September 25 through October 18, 2020 to be deducted from authors' sales on a single day.

This error provided insight into just how much money Audible has been skimming from author payments under the cover of net sales. Authors whose sales had been declining abruptly realized that significant numbers of returns were being deducted from their payments.

Several authors traced the start of the decline to when Audible increased the terms of the Easy Exchanges program from 90 days to 365 days from the purchase date, a change to the Audible terms of service that was made without notifying authors. Suddenly, books sold many months earlier were being returned, and author revenue sank.

Authors who questioned the reports were flatly told they would not be allowed to see an accounting of the number of returns charged against their royalties.

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### III. How prevalent is the problem?

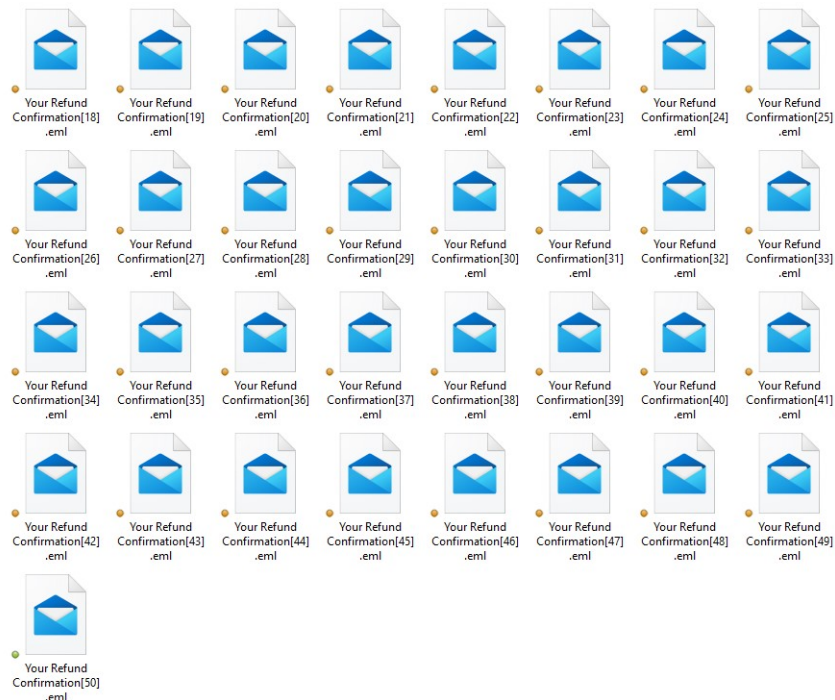
Audible repeatedly claims that "suspicious activity is extremely rare", and that "In instances where we determine the benefit is being overused, Audible can and does limit the number of exchanges and refunds allowed by a member."

As you know, we've been working to address some ACX authors' concerns about Audible's overall exchange policy, and we appreciate your feedback. The intent of this program is to allow listeners to discover their favorite voice, author, or story in audio. In instances where we determine the benefit is being overused, Audible can and does limit the number of exchanges and refunds allowed by a member. But as designed, this customer benefit allows active Audible members in good standing to take a chance on new content, and suspicious activity is extremely rare.

*Excerpt from an email to ACX authors, Nov. 29, 2020.*

Despite that assurance, we have found no instances where members were prohibited from exchanging books, even in cases of egregious abuse.

One individual was able to exchange nearly 20 audiobooks over the course of three days, without question. Another individual acquired, played, and returned 50 books on a single credit. At no time did Audible question the exchanges.



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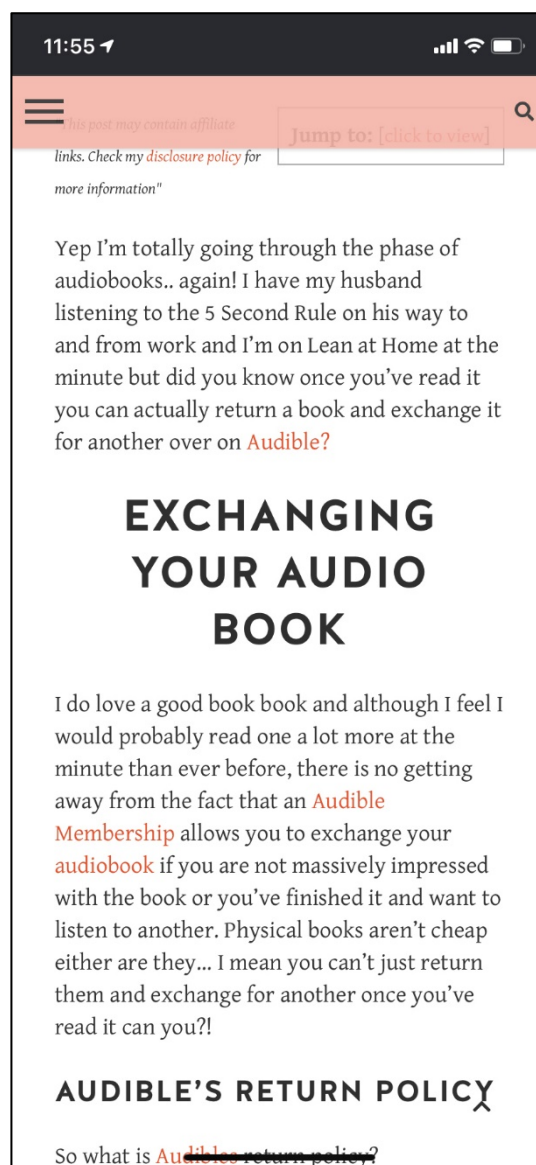
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The total harm to authors cannot be calculated while Audible wilfully obfuscates the reporting of returns. However, authors and narrators have seen steep declines in revenue since Audible expanded the terms from 90 to 365 days, and began promoting the feature more aggressively.

It is clear from posts on social media, blogs, and audiobook website comments that the company's tacit approval is encouraging readers to exploit the program, often without the knowledge that authors are paying for it. In effect, Audible has created a free lending library of audiobooks paid for with money covertly snatched from authors.



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Alliance of  
Independent  
Authors



13 hours ago

I'm probably the biggest offender of the audible return policy. I think you get up to a year to return a book and if you return too many books in a short enough time they start to hide the ability from you. But all you have to do is email them and they'll still return it. Up to this point I only kept the books I knew I was going to relisten to, didnt know the impact it was having.

👍 🗨️ REPLY



13 hours ago

I have used audible for over 3 years now and returned about 6-8 books of which none I listened more than 20% and most of which I didn't even start at all. For me what I do at times is if I have a credit or two left and want to cancel my audible for like half a year I will just buy a book or two to "store" my credits I would loose otherwise and then when I return and it was less than a year I will return those books I didn't listen to and get my credits back

👍 🗨️ REPLY



11 hours ago

Frequent user off Audible here. Had no idea Audible was hiding the refund policy from the authors. I signed up to Audible for this feature, I thought it was like a library where you just return books and get new ones. 90% of my books get returned. Won't be returning books again. Hopefully this gets changed.

👍 🗨️ REPLY



Audible now lets you exchange titles, so it's like having unlimited access if you don't care that you keep the books!  
I love all Nelson Demille's John Corey books (Plumb Island is the first)  
Rachel Ware is fun (mystery)  
Harlan Coben is great  
Gregg Hurwitz Orphan X (SO good-and a series!)... See More

5h Like Reply



Thank you!!!



4h Like Reply



Not sure if you knew but by returning a book you liked & listened to, the authors have to return the royalty they receive for that book. Its different if you could not make it through the book due to poor narration.

5m Like Reply



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Alliance of  
Independent  
Authors



3 minutes ago

audible does send a few emails basically promoting returns, I have gotten three or so



REPLY



10 hours ago

I routinely return books I don't like. I look at my Audible account as my personal library. If I didn't like a book enough to want to read it again, I don't bother to keep it. That being said, I have hundreds of books in my library.



REPLY



You can exchange all your books and get credits back! (Within a span of time. If you got the book a year ago, you can't exchange that.) Just so you know 😊 it's FANTASTIC! Once I found out I had like 6 credits lined up.

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## IV. The inadequacy of Audible's response

On November 11, 2020, Audible and ACX issued a statement responding to media coverage and angry communications from its authors. In the email, ACX announced that it would add an additional 5% royalty on ACX audiobooks sold in December.

In addition, we've recently heard from members of the ACX community who are concerned about Audible's overall return policy. While this customer benefit is for active members in good standing and suspicious activity is rare, we take your concerns very seriously and are actively reviewing the policy with this feedback under consideration.

Through all of this, we've continued our mission to provide free, high-quality educational content to aid your audiobook publishing, production, and marketing efforts, airing new episodes of [ACX University](#) that we hope you'll find helpful.

And to show our appreciation for your continued support of ACX, for the month of December 2020 we will pay an additional 5% royalty on all sales of your ACX audiobooks through Audible, Amazon, and iTunes.

This token gesture does little to address the ongoing seizure of author royalties to fund Audible's promotions, nor does it address the more fundamental issue of transparency in accounting.

The companies reconsidered their stance ten days later, announcing that in the new year, Audible would pay royalties on books returned more than 7 days after the purchase date.

We hope this helps convey perspective to our valued writers and ACX partners as to the impact of our current returns policies. However, in recognition of these concerns, moving forward and effective as of January 1, 2021, Audible will pay royalties for any title returned more than 7 days following purchase. This adjustment does not impact our customers' current benefits of membership, and we look forward to continuing to welcome millions of first-time listeners, enabling our members to discover new content they enjoy and growing the audience for our valued creative partners.

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While this is a welcome nod to the impact the return policy has on authors, it still does not acknowledge the underlying issue of transparency in accounting.

Susan May, author and founder of Fair Deal for Rights Holders and Narrators (FDRHN) writes:

*The author and narrator community is disappointed and disheartened that after continued requests of Audible and ACX, we still have no visibility on our true sales and returns.*

*ACX's email responses to our concerns offer very little in the way of change or compensation. We feel they consider us more like serfs working for a monopolistic, feudal lord than "valued creatives" with serious copyright breach claims.*

*Our fight will continue until we have full reporting transparency and all aspects of Audible's egregious treatment of our community ceases.*

That's a position widely shared by audiobook authors, narrators, trade groups, and consumer watchdogs. Accurate, timely, and transparent accounting is the foundation of any author-publisher relationship. Yet Amazon and its audiobook production and distribution arms are expecting carte blanche to withhold royalties, without any responsibility to properly account for when and why the funds were seized.

This is a familiar position for a corporate behemoth which dominates multiple industries: sellers and content creators are left with the option of accepting the abuse, or being shut out of nearly 90% of the market.

But it's a shockingly brazen move at a time when the corporation is facing renewed calls for legislative oversight in multiple countries.

In response to the inadequate response and unwillingness to assume the most basic obligations of transparency in business, the Alliance of Independent Authors has downgraded Audible and ACX to a Caution rating.

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ALLi will continue to monitor and report on the situation as it develops. The latest news may be found at <http://allianceindependentauthors.org/audiblegate-campaign>.

If you are an author, narrator, or audiobook lover and would like to report on your experience with Audible or ACX, email [audiblegate@allianceindependentauthors.org](mailto:audiblegate@allianceindependentauthors.org).

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