

PLANNER

Ad Budget & Break-even Planner

Work out what you can pay for a sale or lead, what a fair test costs, and how to split and track a year.

BREAK-EVEN



BUDGET SPLIT



7-tab spreadsheet

Excel, Google Sheets & Numbers

19-page manual

Platform rules sourced

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01

The numbers behind every ad budget

Before you can say whether \$25 per sale is good or bad, you need four numbers: contribution, break-even CPA, break-even ROAS and target CPA. This chapter defines them, then runs one online store through the Unit economics tab.

Contribution, break-even and target

Contribution is what one sale leaves after the costs that come with it: product, shipping, payment fees, refunds. It pays for the ad, your overheads and your profit. Ad platforms report revenue, because that is what they see. Budget decisions have to run on contribution, because that is what you keep.

CPA (cost per acquisition) is $\text{ad spend} \div \text{the results you optimize for}$. **Break-even CPA** is the CPA at which one result costs exactly the contribution it brings. **ROAS** (return on ad spend) is $\text{conversion value} \div \text{ad spend}$. **Break-even ROAS** is $\text{order value} \div \text{break-even CPA}$. The **target** is the CPA or ROAS that still leaves the share of each sale you choose to keep.

Number	Formula	Example: \$60 order, \$26.84 contribution
Contribution margin	$\text{Contribution} \div \text{order value}$	44.7%
Break-even CPA	Contribution per order	\$26.84
Break-even ROAS	$\text{Order value} \div \text{break-even CPA} (= 1 \div \text{margin})$	2.24
Target CPA, keeping 10%	$\text{Contribution} - 10\% \times \text{order value}$	\$20.84
Target ROAS, keeping 10%	$\text{Order value} \div \text{target CPA}$	2.88

KEY IDEA

Break-even ROAS is 1 divided by your contribution margin. A 50% margin breaks even at a ROAS of 2. A 25% margin needs 4 just to stand still. The same ROAS can be a great month for one business and a loss for another.

How much to keep after ads is your call. A store with high overheads might need 15–20% of revenue left. A store buying first customers to win repeat orders might accept 0% on the first order, if its repeat data supports it (step 3 below).

Worked example: a skincare store with a \$60 order

Say you sell a skincare set online. These are the example values in the sheet; replace each with yours.

Input (Unit economics)	Example	Where to find yours
Average order value, excluding sales tax	\$60.00	Store admin: revenue ÷ orders, last 3–6 months
Product cost per order	\$18.00	Supplier invoices or cost-of-goods report
Shipping and fulfilment you pay	\$7.00	Carrier and 3PL invoices ÷ orders
Payment fee	3% + \$0.30	Your processor's pricing page
Other variable costs	\$1.50	Packaging, inserts, per-order app fees
Orders refunded / returns resold / cost per return	8% / 50% / \$6	Refund report and returns log, last 6–12 months

Refunds cut revenue kept to \$55.20. Resold returns cut product cost to \$17.28. Payment fees (\$2.10) stay on the original charge, because most processors keep them on refunds. Return handling spreads to \$0.48 per order. With shipping and other costs, total variable cost is \$28.36 and **contribution is \$26.84 per order (44.7%)**.

WHAT THE RESEARCH SAYS

Returns are not a rounding error online. Large merchants in one 2025 survey estimated that 19.3% of online sales would be returned that year. Rates vary hugely by category, so use your own refund report. — [NRF and Happy Returns, 2025](#)

\$26.84

break-even CPA: the most this store can pay for one order

2.24

break-even ROAS on a \$60 order

\$20.84

target CPA that keeps 10% of each order

2.88

target ROAS at that profit

The tab's ROAS ladder shows what each level means in profit per order (edit the ROAS values in column F):

ROAS	CPA it means	Profit per order after ads	Verdict
2.0	\$30.00	–\$3.16	Loss
2.5	\$24.00	\$2.84 (4.7%)	Below the 10% target
3.0	\$20.00	\$6.84 (11.4%)	Meets target
4.0	\$15.00	\$11.84 (19.7%)	Meets target

A ROAS of 2 sounds like doubling your money. For this store it loses \$3.16 on every order.

INCENSE CHARCOAL BRAND: WHEN THE RETURN IS BELOW 1

A box of incense charcoal sells for \$5 to \$8, a low-ticket product with little room per order to pay for an ad. In the first week of the period the account recorded a return of 0.79: every dollar spent brought back less than a dollar. After two months of rebuilt campaigns it ran at a 5.07 return and \$6.98 per order, with the average order several boxes rather than one. [Read the project](#)

The 12-month view, and your planning basis

If customers reorder, the first order needn't carry the whole cost of winning them. With 1.6 orders per customer over 12 months and \$2 to win each repeat order, the store earns \$41.74 of contribution per customer. At the same 10% target it could pay up to **\$32.14 per new customer** instead of \$20.84, paid back after about 1.2 orders.

Cell C47 picks the basis the other tabs use: "First order" or "12-month value".

WATCH OUT

Choose 12-month value only with real repeat data from your store (orders ÷ unique customers over 12 months) and the cash to wait for it. Platform CPA counts purchases from existing customers too, so on that basis judge new-customer cost, not blended CPA.

WORKSHEET**Your store's numbers**

Contribution per order	Break-even CPA	Break-even ROAS	Profit kept (%)	Target CPA	Target ROAS

Planning basis, and why



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