

From ROAS to a profitable campaign decision

Calculate contribution after returns and fees, set a spending guardrail and decide what to measure next. A reusable workbook for ecommerce marketers using their own campaign and order data.

What you will build	What you need
A consistent revenue definition	Orders and refunds for one completed period
A contribution-per-order estimate	Product, delivery, payment and return costs
CPA and CPC guardrails	A matched click-to-order conversion rate
A repeatable weekly check	A saved scenario and a change log

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Examples use hypothetical USD inputs. No market benchmark, income result or performance guarantee is implied.

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This workbook is educational planning information. It is not accounting, tax or investment advice. Keep the underlying data and ask your finance team to confirm the cost and revenue definitions used for business decisions.

01 / Define the comparison before calculating

ROAS is attributed revenue divided by advertising spend. It answers how much attributed revenue a campaign reports for each dollar of media spend. It does not subtract the cost of producing or fulfilling an order, and it does not establish whether advertising caused the reported sales.

ROAS = attributed revenue / advertising spend. A campaign reporting \$10,000 of revenue on \$2,500 of ad spend has 4.00x ROAS. Whether 4.00x is profitable depends on the contribution available to pay for acquisition and the revenue definition in the numerator.

Choose one completed period. Record whether the revenue is before or after refunds, discounts, shipping charges and sales tax. Keep sales tax collected on behalf of an authority separate from business revenue when your accounting basis requires that treatment. Do not quietly compare a platform gross-sales figure with a net-sales break-even threshold.

Attribution windows and conversion lag can change reported ROAS after the first export. Save the extraction date and comparison window. A recent day with incomplete conversions should not be treated as equivalent to a mature month. Use the same attribution settings when comparing campaign changes, and document any reporting change.

Decision	Write down your choice
Revenue numerator	Gross tracked / refunded-adjusted / other: _____
Advertising denominator	Included channels and fees: _____
Period and export date	From _____ to _____; exported _____
Attribution window	Click / view window and platform: _____

[Check revenue-to-spend arithmetic in the ROAS calculator](#)

[Compare blended and platform ROAS definitions](#)

02 / Build contribution, not just gross margin

Contribution before advertising is the revenue left after the non-ad costs you include in the decision. Product cost alone is rarely the complete order-cost picture. List fulfillment, payment fees, delivery subsidy, packaging, expected return handling and other relevant variable costs. Identify overhead separately so the same cost is not counted twice.

Contribution per order = retained revenue per order - included non-ad costs per order. Use a consistent cohort: costs and refunds should belong to the same order population as the revenue. If you average different products together, a campaign promoting a low-margin product may not share the store-wide average.

Returns need an explicit model. Some returned goods can be resold; others lose value or require inspection. Refunds do not always refund payment fees or outbound shipping. Estimate recovered product value only when your records justify it. Track assumptions instead of assuming every return has the same financial effect.

A contribution threshold is a short-term guardrail, not permission to spend all the contribution. A business may also need money for fixed overhead, desired profit, cash timing and uncertainty. If you use repeat-purchase value, distinguish observed repeat revenue from a forecast and set a payback window.

Cost checklist	Included amount per order
Product cost	_____
Delivery and fulfillment	_____
Payment and transaction fees	_____
Expected return handling	_____
Recovered goods adjustment	_____
Other relevant cost, without duplication	_____

[Calculate contribution margin with a defined cost basis](#)

[Read contribution margin versus gross margin](#)

03 / A worked example after refunds and fees

Consider a hypothetical 100-order cohort. Each order records \$100 of tracked revenue before refunds, for \$10,000 total. Ten orders are fully refunded. Retained revenue is therefore \$9,000, or \$90 per original acquired order. All averages below use those original 100 orders.

Hypothetical input	Per original order
Retained revenue after refunds	\$90.00
Product cost	\$30.00
Outbound delivery and fulfillment	\$9.00
Payment fees retained by the provider	\$3.00
Expected return handling	\$1.00
Recoverable returned-goods value	Subtract \$2.00 from cost
Included non-ad cost: $30 + 9 + 3 + 1 - 2$	\$41.00
Contribution: $90 - 41$	\$49.00

The cohort has \$4,900 of contribution before advertising. Spending \$4,900 consumes that contribution, leaving zero on this defined cost basis. Break-even CPA is therefore \$49 per original acquired order. It is not automatically a business-wide break-even point because this example has not included all fixed costs.

Net-revenue break-even ROAS = $\$90 / \$49 = 1.84x$, rounded. If the platform still reports \$100 per original order before refunds, the corresponding platform-revenue threshold is **$\$100 / \$49 = 2.04x$** . Both thresholds describe the same economics with different revenue numerators.

At \$3,000 of media spend, platform ROAS is $\$10,000 / \$3,000 = 3.33x$. Net-revenue ROAS is $\$9,000 / \$3,000 = 3.00x$. Contribution after advertising is $\$4,900 - \$3,000 = \$1,900$, before any omitted fixed costs and taxes. The example demonstrates why a revenue label matters as much as the ratio.

[Replace the sample inputs in the break-even ROAS calculator](#)

04 / Turn contribution into CPA and CPC limits

If an order contributes \$49 before ads and you want to retain \$15 per order on this cost basis, allowable acquisition cost is $\$49 - \$15 = \$34$. This is a planning allowance. Confirm whether your CPA denominator counts first orders, all orders, leads or another conversion event.

Allowable CPA = contribution per acquired order - desired retained contribution.

Maximum CPC = allowable CPA x click-to-order conversion rate as a decimal.

With a 2% conversion rate, the example profit-preserving maximum CPC is $\$34 \times 0.02 = \$0.68$. The contribution-only break-even CPC is $\$49 \times 0.02 = \$0.98$. Use a conversion rate measured on the same traffic, period and conversion event as the spend decision, rather than substituting a whole-store session conversion rate.

Hypothetical click-to-order rate	Max CPC at \$34 allowable CPA
1.0%	\$0.34
2.0%	\$0.68
3.0%	\$1.02

The relationship is sensitive to conversion rate. A small observed sample can swing the apparent limit, and future traffic may differ. Keep a conservative case beside the working case. At a zero conversion rate, no positive CPC is supported by the simple model. If desired retained contribution is greater than available contribution, there is no positive acquisition allowance.

Do not copy the calculated number directly into every platform bid setting. Auction strategy, conversion lag, attribution and budget controls affect actual delivery. The worksheet gives a business guardrail to compare with observed performance, not a prediction of obtainable clicks or sales.

[Use the maximum CPC scenario calculator](#)

[Check maximum CPA for your contribution inputs](#)

05 / Separate a ROAS target from a budget decision

The target from the example is \$100 of platform-tracked revenue divided by \$34 allowable CPA, or 2.94x after rounding. Using retained revenue instead gives $\$90 / \$34 = 2.65x$. Write the numerator beside the target. A platform target and a finance target should be translated before comparing them.

A profitable average campaign does not guarantee that the next dollar will perform like the previous dollar. Additional spend can reach different auctions and audiences. Treat an increase as an experiment with a defined review window and contribution guardrail. Avoid claiming a percentage budget increase will preserve ROAS without evidence.

Choose one action tied to a diagnosed issue. If conversion rate fell, inspect the landing page, availability and purchase flow. If revenue per order fell, inspect discounting and mix. If reported revenue and finance revenue diverged, reconcile attribution and refunds before changing bids. Multiple simultaneous changes make it harder to understand the cause.

Signal	First useful investigation
Stable CPC, lower conversion rate	Landing page, stock, checkout and traffic mix
Stable ROAS, lower contribution	Fees, product mix, fulfillment and returns
High platform ROAS, weak store results	Attribution overlap, cohorts and revenue definitions
Higher spend, weaker marginal return	New traffic segments and incrementality uncertainty

Record the starting scenario, proposed change, time window and outcome. Restore or revise the plan based on measured business results, not a reassuring headline ratio. A favorable ROAS should still be checked against margin, acquisition mix and cash needs.

[Translate contribution and retained profit into target ROAS](#)

[Choose an improvement based on the cause of weak ROAS](#)

06 / Your campaign decision worksheet

Complete one sheet per campaign or comparable product cohort. Write zero only when the amount is known to be zero; leave uncertain inputs marked as estimates. Replace a provisional assumption when a completed-period export or finance record becomes available.

Input or calculation	Your campaign
Period, cohort and export date	_____
Tracked revenue per original order (A)	_____
Retained revenue per original order (B)	_____
Included non-ad costs per order (C)	_____
Contribution per order: B - C (D)	_____
Desired retained contribution (E)	_____
Allowable CPA: D - E (F)	_____
Click-to-order rate as decimal (G)	_____
Maximum CPC: F x G	_____
Platform target ROAS: A / F	_____
Net-revenue target ROAS: B / F	_____
Observed ad spend and acquired orders	_____
Excluded fixed costs / assumptions	_____

If F is zero or negative, do not divide by it to create a finite target. There is no positive acquisition allowance under those inputs. Revisit contribution, desired retained profit and the offer before treating additional media spend as a solution.

Next action: _____

Reason and expected mechanism: _____

Review date: _____

Actual outcome and what changed: _____

07 / A useful weekly return routine

Keep this workbook with your saved exports. Return when you have a new completed period, a product-cost change or a specific decision to make. Repeating the same calculation without new information does not add confidence.

When	A focused task and a free tool
First session	Define revenue and record a break-even scenario.
After your first review	Reconcile refunds and included costs in contribution margin.
Before changing bids	Recalculate CPA and CPC using the matching conversion rate.
Weekly or after a material cost change	Compare the new scenario with the previous one and log the action.

[1. Revisit the break-even ROAS calculator](#)

[2. Check the contribution cost basis](#)

[3. Review the CPC guardrail](#)

[4. Check the profit-preserving ROAS target](#)

Keep a dated change log. If your comparison period has fewer orders, a changed attribution model or a different product mix, state the limitation rather than calling the difference an improvement. This workbook does not set a universal good ROAS or promise that a particular bid will generate traffic.

Further reading: the ROAS Lab knowledge library links to deeper explanations of ROAS versus ROI, blended versus platform ROAS, MER, POAS and contribution margin. Those topics answer different measurement questions; do not force them into one interchangeable score.

[Browse the knowledge library by decision](#)

Editorial notes: formulas are algebraic relationships on the stated cost basis. All worked monetary values and rates are hypothetical. Linked calculators are decision aids; validate inputs against your own finance and advertising records. Questions: reports@breakevenroascalculator.net.