CHEAT SHEET & CALCULATOR

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Google Ads ROAS Target Calculator & Cheat Sheet

Seven steps, in order, from the numbers in your Shopify admin to the ROAS target your store can actually afford. Keep it open beside Shopify. About 15 minutes.

▶ Watch the full video: **ROAS Can Go Up Two Ways. Only One Is Growth.**

THE SEVEN STEPS

1 Find your 12-month LTV and repeat multiple

Shopify → **Analytics** → **Reports** → **Customer cohort analysis**. Metric: **Amount spent per customer**. Interval: **Monthly**. Turn on **Show first order**. Read a cohort that has had a full twelve months to mature.

> **Repeat multiple = 12-month LTV ÷ first-order value**

2 Calculate your true CAC

Shopify → **Analytics** → **Reports** → **New versus returning customers over time**, grouped by month. Take **new customers** from the last complete month. Not total orders. Orders include people you already paid to acquire.

> **CAC = Google Ads spend ÷ new customers**

3 Calculate your gross margin

If product costs are entered in Shopify, the profit reports calculate it for you. If not, take a typical order, subtract the cost of the products, and divide by the order value. Estimating from your top sellers is usually accurate enough.

> **Gross margin = (order value − product cost) ÷ order value**

4 Calculate your acquisition ceiling

The most you can pay to acquire a customer before you have spent every dollar of gross profit that customer will generate over twelve months. If your CAC is above this line, you are buying customers for more than they are worth.

> **Acquisition ceiling = 12-month LTV × gross margin**

5 Calculate your break-even ROAS

Your floor. Below this, the business never earns back what it spent to acquire the customer, even after twelve months of repeat purchases. Never run below it.

> **Break-even ROAS = 1 ÷ (gross margin × repeat multiple)**

6 Calculate your first-order break-even ROAS

Your target. At this number the first order pays for itself and every repeat purchase after it is profit. It ignores the repeat multiple on purpose, so it does not depend on customers coming back.

> **First-order break-even ROAS = 1 ÷ gross margin**

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7 Set the target, then adjust it

Set your Google Ads target at your first-order break-even ROAS, never below your floor. Then treat it as a steering wheel, not an accelerator: watch CAC against your acquisition ceiling, not reported ROAS. **If CAC rises above the ceiling, raise the target. If CAC sits well below it and you want to grow faster, lower the target.** You reach a better ROAS by lowering what it costs to acquire a customer, not by raising the number in the account.

> **Move in 10 to 15% steps**

> **Wait 3 to 4 weeks** before judging

> Judge on **CAC and new customers**, not ROAS

FILL THIS IN

YOUR NUMBERS	WHERE IT COMES FROM	ENTER YOURS
First-order value	Step 1	$ _____
12-month LTV	Step 1	$ _____
Repeat multiple	Step 1	_____ x
Gross margin	Step 3	_____ %
Current CAC	Step 2	$ _____
Acquisition ceiling	Step 4 · LTV × margin	$ _____
Break-even ROAS · your floor	Step 5 · 1 ÷ (margin × multiple)	_____ x
First-order break-even ROAS · your target	Step 6 · 1 ÷ margin	_____ x

Now read your Current CAC against your Acquisition ceiling. If CAC is the higher of the two, you are paying more for a customer than that customer is worth, whatever your reported ROAS says. That is the number to fix first.

WORKED EXAMPLE, FROM THE VIDEO

First-order value	**$60**
12-month LTV	**$84**
Repeat multiple	**1.4x**
Gross margin	**60%**
Current CAC	**$57**
Acquisition ceiling	**$50**
Break-even ROAS · floor	**1.19x**
First-order break-even ROAS · target	**1.67x**

This store reports a healthy-looking 1.5x ROAS and is still paying $57 for a customer worth $50. Reported ROAS did not show it. The three numbers did.