

Shopify Break-Even Analysis: How Many Sales Do You Need?

Every Shopify store owner eventually asks the most practical question in business: *how many sales do I actually need to stop losing money?* That number, your break-even point, is the line between a store that drains your bank account and one that pays for itself. Yet most beginners never calculate it. They launch, spend on a subscription and apps and ads, and only discover months later that they needed far more sales than they were making just to cover their costs. Break-even analysis fixes that by telling you, before you spend a dollar more, exactly how many sales it takes to get into the black.

This guide explains break-even analysis for a Shopify store in plain English: what break-even means, how to separate your fixed costs from your variable costs, the simple formula that turns those costs into a sales target, and how marketing in particular changes the math. You will work through multiple examples and sales scenarios, and see how a Shopify Profit Calculator does the heavy lifting by giving you the per-sale number the formula needs. By the end, you will be able to calculate your own break-even point and know precisely how many sales stand between you and profitability.

All figures reflect Shopify's cost structure as of mid-2026; rates change, so confirm current numbers and model your own store in a calculator before relying on them.

Key takeaways

- **Break-even is the point where total revenue equals total costs**, no profit, no loss. It is the minimum you must clear, not your goal.
- **Fixed costs** stay the same no matter how much you sell (your Shopify plan, apps, domain); **variable costs** rise with each sale (product, payment processing, shipping, and ad-driven customer acquisition).
- The core formula is simple: **Break-even units = Fixed costs ÷ contribution margin per sale**, where contribution margin = price – variable cost per sale.
- **Marketing is the variable that most changes your break-even.** If customer acquisition cost pushes your variable cost above your price, your contribution margin goes negative and *no number of sales* can ever break even.
- A **Shopify Profit Calculator** gives you the per-sale profit (contribution margin) you plug into the formula, making break-even a quick calculation rather than a guess.

1. What Is Break-Even?

Break-even is the point at which your store's total revenue exactly equals its total costs. At that point you make zero profit and zero loss, every dollar coming in is matched by a dollar going out. Sell one unit *below* break-even and you are losing money; sell one *above* it and

you are finally making a profit. It is the financial finish line you must cross before your store earns you anything.

Understanding break-even matters for three reasons. First, it turns a vague worry ("am I making money?") into a concrete target ("I need 40 sales a month"). Second, it tells you, before you commit, whether your business model can even work, if break-even requires more sales than you could realistically make, you know to rethink your pricing or costs *before* losing money. Third, it is the foundation of pricing and ad-spend decisions, because you cannot know how much you can afford to spend acquiring a customer until you know what each sale contributes.

The engine behind break-even is a concept called **contribution margin**. Each sale brings in revenue, but part of that revenue is immediately eaten by the costs of making *that specific sale* (the product, the payment fee, shipping). What is left over, the **contribution margin**, is the amount each sale "contributes" toward paying off your fixed monthly costs. Once enough sales have contributed enough to cover all your fixed costs, you have broken even; everything after that is profit.

There are actually two break-even questions worth answering, and beginners often conflate them:

- **Monthly operating break-even:** how many sales per month it takes to cover your recurring costs (subscription, apps, etc.). This is the one most people mean.
- **Investment break-even (payback):** how many total sales it takes to recoup your one-time startup costs (initial inventory, a premium theme, branding). This tells you when your initial investment is paid back.

We will focus mainly on the monthly operating break-even, then show how to handle the startup payback too. Either way, the calculation depends on cleanly separating your costs into two types, which is the next step.

2. Shopify Costs

To find your break-even, you must sort every cost into one of two buckets: fixed or variable. Getting this split right is the heart of break-even analysis, and it is where beginners most often go wrong.

Fixed costs (paid regardless of sales)

Fixed costs are the ones you pay every month whether you sell a thousand units or none. They do not change with sales volume. For a Shopify store, these typically include:

- **Your Shopify subscription:** about \$39/month (Basic), \$105 (Grow), \$399 (Advanced), or \$2,300+ (Plus).

- **App subscriptions:** your monthly app fees, anywhere from near \$0 to \$200+ for most stores.
- **Domain:** roughly \$10-\$20/year, which spreads to about \$1-\$2/month.
- **Any fixed tools or services:** an email platform's base fee, accounting software, a fixed-retainer freelancer, and so on.
- **One-time costs, amortized:** a premium theme (\$150-\$400) or branding work can be treated as a fixed cost spread over time, or handled separately as investment payback.

These add up to your **total fixed costs per month**, the amount you must cover before earning a cent of profit. A lean store might have \$70/month in fixed costs; a more built-out one, several hundred.

Variable costs (rise with each sale)

Variable costs are incurred *per sale*, they scale directly with how much you sell. For each unit you sell on Shopify, these typically include:

- **Cost of goods sold (COGS):** what the product itself costs you.
- **Payment processing:** about 2.9% + 30¢ per transaction on Basic (less on higher plans). Note the 30¢ is a flat per-order amount, which hits cheap products proportionally harder.
- **Shipping:** the label cost, if you pay it (including "free shipping" you absorb).
- **Packaging:** the box or mailer and materials.
- **Marketing / customer acquisition cost (CAC), when it scales with sales:** if you run ads to drive each sale, the ad cost to acquire that customer is a variable cost.

Add these up for a single sale and you get your **variable cost per unit**.

The tricky one: is marketing fixed or variable?

Marketing is the cost that does not fit neatly into one box, and how you treat it dramatically changes your break-even. There are two cases:

- **Variable marketing:** if you spend on ads that scale with sales (you spend more to sell more), then your customer acquisition cost is a *variable* cost, subtract it from each sale's contribution. This is the realistic treatment for most ad-driven Shopify stores.
- **Fixed marketing:** if you spend a set monthly budget regardless of sales (say a flat \$300/month on content or a retainer), treat that portion as a *fixed* cost.

Most Shopify stores have some of both. The key insight, which we will hammer in the examples, is that **ad-driven CAC is a variable cost that directly reduces what each sale contributes**, and it is usually the single biggest factor in how many sales you need to break even. A Shopify Profit Calculator helps here by letting you enter your COGS, fees, shipping,

and ad cost per order, so it computes your true variable cost and per-sale contribution for you.

3. Break-Even Formula

With costs sorted, the formula is refreshingly simple. First, calculate your **contribution margin per unit**:

$$\text{Contribution margin per unit} = \text{Selling price} - \text{variable cost per unit}$$

This is what each sale contributes toward your fixed costs (and, after break-even, toward profit). Then:

$$\text{Break-even point (in units)} = \text{Total fixed costs} \div \text{Contribution margin per unit}$$

That tells you how many units you must sell per month to cover your fixed costs. If you prefer a revenue target, use the **contribution margin ratio** (contribution margin \div price):

$$\text{Break-even point (in revenue)} = \text{Total fixed costs} \div \text{Contribution margin ratio}$$

And if you want not just to break even but to hit a profit goal, simply add your target profit to fixed costs:

$$\text{Sales needed for target profit} = (\text{Fixed costs} + \text{Target profit}) \div \text{Contribution margin per unit}$$

Let's make it concrete with a quick calculation. Suppose:

- Selling price: **\$40**
- Variable cost per unit: COGS \$12 + processing (\$1.46) + shipping \$5 + packaging \$0.50 = **\$18.96**
- Contribution margin per unit: $\$40 - \$18.96 = \mathbf{\$21.04}$
- Total fixed costs: Basic plan \$39 + apps \$30 + domain ~\$1 = **\$70/month**

Then:

- **Break-even units** = $\$70 \div \$21.04 = 3.3$, so **4 sales per month** to cover fixed costs.
- **Break-even revenue** = $\$70 \div (21.04/40 = 52.6\%) = \mathbf{\text{about } \$133/\text{month}}$.

Just four sales a month covers this lean store's fixed costs, because with no ad spend, each sale contributes a healthy \$21.04. That number will change dramatically once we add marketing, which is the point of the examples. The practical workflow: use a Shopify Profit Calculator to find your contribution margin per sale (it nets out COGS, the 2.9% + 30¢ fee, shipping, and any ad cost), then divide your fixed costs by that number. That two-step process is your break-even point.

4. Sales Examples

Now let's work through realistic scenarios. Watch how the number of sales you need shifts as costs, prices, and especially marketing change.

Example 1: Lean store, no ads

This is the calculation above, our baseline.

- Price \$40; variable cost \$18.96; **contribution margin \$21.04**
- Fixed costs **\$70/month**
- **Break-even = $\$70 \div \$21.04 \approx 4$ sales/month**

With organic traffic and no ad spend, this store needs just four sales a month to cover its costs. Low fixed costs plus a healthy per-sale margin make break-even easy to reach.

Example 2: The same store, now running ads

Now suppose you run ads, and it costs you **\$10 in ad spend to acquire each customer** (your CAC). That \$10 is a variable cost, so it reduces each sale's contribution:

- New variable cost per unit: $\$18.96 + \$10 = \mathbf{\$28.96}$
- New contribution margin: $\$40 - \$28.96 = \mathbf{\$11.04}$
- **Break-even = $\$70 \div \$11.04 \approx 7$ sales/month**

Adding ads nearly doubled the sales needed to break even, from 4 to 7, because each sale now contributes only \$11.04 instead of \$21.04. This is the central lesson of Shopify break-even: **marketing is usually the biggest lever on how many sales you need**. And notice the deeper point, the fixed costs barely matter here; the *variable* cost of acquiring customers is what drives the target up.

Example 3: The CAC trap (when break-even becomes impossible)

Now suppose your ads are inefficient and it costs **\$25 to acquire each customer**:

- Variable cost per unit: $\$18.96 + \$25 = \mathbf{\$43.96}$
- Contribution margin: $\$40 - \$43.96 = \mathbf{-\$3.96}$ (negative!)

Here is the most important scenario in this entire guide. When your variable cost exceeds your price, your contribution margin is *negative*, which means **every sale loses money, and no number of sales can ever break even**. Selling more actually loses you *more*. A store in this position cannot fix the problem with volume; it must either lower its acquisition cost, raise its price, or cut its product cost. Many Shopify stores fail for exactly this reason, they scale ad spend on a product whose margin cannot cover the cost of acquisition, and conclude (wrongly) that they just need more sales. A Shopify Profit Calculator flags this

instantly: if it shows a negative per-sale profit after ad cost, no break-even exists at that CAC.

Example 4: Higher-priced product

A higher price point creates a bigger contribution margin, which lowers the sales needed even with higher costs.

- Price **\$120**; COGS \$40; processing (\$3.78); shipping \$8; packaging \$1; CAC \$30 → variable cost **\$82.78**
- Contribution margin: $\$120 - \$82.78 = \mathbf{\$37.22}$
- Fixed costs (Grow plan \$105 + apps \$80 + tools + domain) $\approx \mathbf{\$200/month}$
- **Break-even** = $\$200 \div \$37.22 \approx \mathbf{6 \text{ sales/month}}$

Even with much higher fixed costs and a \$30 CAC, this store breaks even at just 6 sales, because each sale contributes \$37.22. Higher-ticket products need fewer sales to break even, one reason many sellers prefer them.

Example 5: Selling with a profit target

Break-even covers costs, but you want profit. Say the lean store from Example 2 (contribution margin \$11.04, fixed costs \$70) wants **\$1,000 profit per month**:

- Sales needed = $(\$70 + \$1,000) \div \$11.04 = 1,070 \div 11.04 = \mathbf{\text{about } 97 \text{ sales/month}}$

So while 7 sales break even, reaching a \$1,000 profit takes about 97 sales, a useful reality check on what your goals actually require.

Example 6: Recouping your startup investment

Suppose you spent **\$2,000 to launch** (initial inventory, a premium theme, branding). Using the lean store's \$21.04 contribution margin (no ads), how many sales recoup that one-time cost, *on top of* covering monthly fixed costs?

- Payback sales = $\$2,000 \div \$21.04 \approx \mathbf{95 \text{ sales}}$ to recover your startup investment.

This is your investment break-even, separate from monthly operating break-even. Knowing both tells you when you cover your monthly costs *and* when your initial outlay is fully paid back.

Scenario summary

Scenario	Price	Variable cost	Contribution margin	Fixed/mo	Break-even (sales/mo)
Lean, no ads	\$40	\$18.96	\$21.04	\$70	~4
With ads (\$10 CAC)	\$40	\$28.96	\$11.04	\$70	~7
High CAC (\$25)	\$40	\$43.96	-\$3.96	\$70	impossible
High-ticket	\$120	\$82.78	\$37.22	\$200	~6

The variety here is the lesson: break-even is driven far more by your contribution margin per sale, especially your acquisition cost, than by your Shopify plan. Two stores with identical fixed costs can need 4 or 70 sales depending entirely on what each sale contributes after variable costs.

How to lower your break-even point

Once you know your break-even, the natural question is how to bring it down so profitability comes sooner. There are four levers, and the formula shows exactly how each works:

- **Raise your price.** A higher price increases contribution margin directly, so fewer sales are needed. Even a modest increase can meaningfully cut your break-even, as long as it does not hurt conversion.
- **Lower your variable cost per sale.** Negotiate better COGS, use cheaper or right-sized shipping and packaging, and, above all, reduce your customer acquisition cost. Because CAC is often the largest variable cost, improving ad efficiency or building cheaper organic and email traffic has an outsized effect, every dollar shaved off CAC adds a dollar to each sale's contribution.
- **Cut fixed costs.** Trim unused apps, choose a plan that matches your stage, and avoid fixed retainers you do not need. Lower fixed costs mean fewer sales required to cover them.
- **Increase average order value.** Bundles, upsells, and free-shipping thresholds raise the revenue (and usually the contribution) per order, lowering the number of *orders* needed to break even.

Of these, reducing acquisition cost and raising contribution margin usually move the needle most, because they attack the per-sale economics that drive the whole calculation. Model each change in a Shopify Profit Calculator to see how it shifts your contribution

margin, then recompute your break-even, and you will see immediately which lever buys you the most progress toward profit.

5. Common Mistakes

Forgetting variable costs when calculating contribution margin. Beginners often subtract only COGS and forget payment processing, shipping, packaging, and ad cost. That overstates contribution margin and badly understates how many sales you need. Include every per-sale cost.

Mistreating marketing. Ad-driven customer acquisition is usually a variable cost that should be subtracted from each sale's contribution, not ignored or buried in fixed costs. Misclassifying it produces a break-even number that is far too optimistic, often the difference between "profitable" and "losing money on every order."

Ignoring negative contribution margin. The deadliest mistake. If your variable cost (especially with ad spend) exceeds your price, no volume can save you, selling more loses more. Always check that each sale contributes a *positive* amount before scaling. A Shopify Profit Calculator showing negative per-sale profit is a red flag to stop and fix pricing or CAC immediately.

Forgetting the 30¢ per-transaction fee. The flat per-order fee is trivial on a \$200 order but significant on a \$10 one, where it is a big chunk of the sale. Low-priced products have thinner contribution margins than their percentage fees suggest.

Counting only some fixed costs. Leaving out app subscriptions, your email tool, or amortized one-time costs understates fixed costs and your true break-even. List them all.

Confusing revenue break-even with unit break-even. "\$133 in sales" and "4 units" are two views of the same break-even; make sure you know which you are targeting and that they match your contribution-margin ratio.

Treating break-even as the goal. Break-even is the *minimum*, the point of zero profit. A healthy business needs to clear it comfortably. Use the profit-target formula to set a real goal above break-even, not just to survive at it.

Not recalculating when costs change. Your break-even shifts every time your costs, prices, ad efficiency, or plan change. Rising ad costs in particular quietly push your break-even higher. Recalculate regularly, and rerun the numbers in a calculator whenever something material changes.

Ignoring startup payback. Covering monthly costs is not the same as recovering the money you spent to launch. Track both your operating break-even and your investment payback so you know when you are truly in the black.

What is a break-even point for a Shopify store?

It is the number of sales (or amount of revenue) at which your total income exactly covers your total costs, leaving zero profit and zero loss. Below it you lose money; above it you profit. You calculate it by dividing your fixed monthly costs by the contribution margin (price minus variable cost) of each sale.

How do I calculate how many sales I need to break even?

Use this formula: Break-even units = Fixed costs ÷ contribution margin per sale, where contribution margin = selling price – variable cost per sale (COGS, payment processing, shipping, packaging, and ad cost per order). For example, \$70 in fixed costs ÷ \$21 contribution per sale ≈ 4 sales per month. A Shopify Profit Calculator gives you the per-sale contribution figure to plug in.

What's the difference between fixed and variable costs?

Fixed costs stay the same regardless of how much you sell, your Shopify subscription, app fees, and domain. Variable costs rise with each sale, your product cost, payment processing, shipping, packaging, and any ad spend used to acquire that customer. Break-even analysis works by covering your fixed costs with the contribution each sale makes after its variable costs.

Is marketing a fixed or variable cost?

It can be either. Ad spend that scales with sales (you spend more to sell more) is a variable cost and should be subtracted from each sale's contribution margin. A flat, set monthly marketing budget regardless of sales is a fixed cost. Most stores have some of both, and how you classify it significantly affects your break-even number, so be deliberate.

Why does my break-even point seem so high?

Usually because of customer acquisition cost. Ad-driven marketing is a variable cost that reduces what each sale contributes, often dramatically. In our example, adding a \$10 CAC nearly doubled the sales needed to break even. If your break-even seems impossibly high, check your CAC, it may be consuming most or all of your per-sale margin.

Can a store never reach break-even?

Yes. If your variable cost per sale (including acquisition cost) is higher than your selling price, your contribution margin is negative, meaning every sale loses money and no amount of volume can ever break even. The fix is not more sales, it is lowering your costs (especially CAC), raising your price, or reducing COGS until each sale contributes a positive amount.

How does product price affect break-even?

Higher prices generally create larger contribution margins, so you need fewer sales to break even, even if fixed costs are higher. In our examples, a \$120 product broke even at about 6 sales while a \$40 product with ad spend needed 7, despite the higher-priced store having nearly triple the fixed costs. Price and margin matter more than fixed costs.

How is break-even different from profit?

Break-even is the point of *zero* profit, where revenue just covers costs. Profit is everything you earn *above* break-even. Break-even tells you the minimum sales to avoid losing money; to set a real income goal, add your target profit to your fixed costs and divide by contribution margin to see how many sales that requires.

Should I include my startup costs in break-even?

Treat them separately as "investment payback." Your monthly operating break-even covers recurring costs; your investment break-even tells you how many total sales recoup one-time startup spending (inventory, theme, branding). Both matter: one tells you when you stop losing money monthly, the other when your initial investment is fully repaid.

How can a Shopify Profit Calculator help with break-even?

It computes the hardest part, your contribution margin per sale, by netting out COGS, the 2.9% + 30¢ processing fee, shipping, and any ad cost from your price. Once you have that per-sale figure, you simply divide your fixed monthly costs by it to get your break-even number of sales. The calculator also instantly reveals the danger case: if per-sale profit is negative, no break-even exists until you fix your costs.

7. Conclusion

Break-even analysis answers the most grounding question in ecommerce: how many sales do you actually need before your Shopify store stops costing you money? The method is straightforward once you separate your costs correctly. Fixed costs, your subscription, apps, and domain, stay constant no matter how much you sell. Variable costs, your product, payment processing, shipping, packaging, and ad-driven acquisition, rise with every sale. Subtract the variable cost from your price to get each sale's contribution margin, then divide your fixed costs by that margin, and you have your break-even point: the exact number of sales that gets you to zero, the floor you must clear before earning a profit.

The examples reveal where the real leverage lies, and it is not your Shopify plan. The same lean store needed 4 sales a month with no ads but 7 once a modest \$10 acquisition cost was added, and a poorly-targeted \$25 acquisition cost made break-even *impossible*, because every sale lost money. That is the lesson to internalize: **marketing, specifically your cost to acquire a customer, is usually the biggest driver of your break-even, and if it pushes your**

variable cost above your price, no volume can ever rescue you. Higher prices and healthier margins, by contrast, lower your break-even and give you room to spend on growth.

For a beginner, the practical path is simple. List your fixed monthly costs, use a Shopify Profit Calculator to find your true contribution margin per sale after every variable cost (including ad spend), and divide one by the other to get your break-even target. Then check two things: that each sale contributes a positive amount (or no volume will ever work), and that your break-even is a number you can realistically exceed. Recalculate whenever your costs or ad efficiency change, set a profit goal above break-even rather than treating break-even as the destination, and you will always know exactly how many sales stand between you and profitability, and whether your store's math actually works before you spend another dollar trying to grow it.

Shopify cost figures reflect the platform's structure as of mid-2026 and vary by plan, region, business model, product, and marketing approach; break-even results depend entirely on your own numbers. Always model your specific costs in a Shopify Profit Calculator before making pricing or spending decisions. This guide is general educational information, not financial advice.