Fill Rate: Measuring and managing delivery reliability at line-item level

The fill rate (also delivery reliability or service level) describes the proportion of quantities or line items delivered in line with requirements relative to a buyer's total demand. It is one of the most important operational metrics in supplier management because it depicts delivery capability far more concretely than mere on-time delivery. For buyers and supply chain managers, it is a central indicator of supply security, shortage risks and the quality of collaboration with suppliers.

As of October 2026 · amplifa-marketplace.ai/en/glossary/fill-rate

Key facts at a glance

01 The fill rate typically measures the percentage of line items delivered in full or in the ordered quantity relative to all ordered line items.

02 Common target values in industry generally range between 95 and 99 per cent, depending on the sector.

03 Unit fill rate, line fill rate, order fill rate and dollar fill rate must be distinguished.

04 A high fill rate reduces shortage costs, production stoppages and costly replacement purchases.

05 Measurement presupposes clean master data and demand notification as well as reliable delivery data.

06 Fill rate is closely interlinked with shortage management, supply chain analytics and supplier evaluation.

Definition: fill rate

The fill rate is a performance metric from supply chain management and quantifies how much of the requested goods or quantity was actually delivered on time and in full. It is usually expressed as a percentage and measured at line-item, unit or order level. Unlike on-time delivery, it primarily assesses quantity and line-item reliability, but can also be combined with delivery date aspects.

Distinction from on-time delivery

On-time delivery (OTD) checks whether a delivery arrives on the agreed date, regardless of the quantity delivered. The fill rate, by contrast, asks whether the ordered quantity arrived in full and in line with requirements. In practice, both metrics are often used in pairs, because a supplier can deliver on time while still under-delivering key line items. Only the combination of both values yields a reliable picture of delivery performance.

- On-time delivery: the time-related aspect of delivery
- Fill rate: quantity- and line-item-related availability
- OTIF combines both dimensions in a single metric

Typical metrics

Depending on the level of analysis, several fill rate variants have become established. The unit fill rate refers to delivered units, the line fill rate to fully delivered order lines and the order fill rate to orders delivered complete. The dollar fill rate weights line items by goods value and is particularly meaningful for high-value parts. Which indicator is used should be clearly defined contractually and within the supplier evaluation system.

Methods and approach to measurement

A meaningful fill rate requires consistent data from purchasing and goods receipt. The basis is generally the purchase order line items from the ERP system, reconciled with goods receipt postings and, ideally, the supplier's Advance Shipping Notice (ASN). The measurement period, the level of recording and the treatment of partial deliveries must be defined uniformly.

Data basis and system support

In practice, the fill rate is mostly determined automatically from ERP or supplier portal data. A prerequisite is clean catalogue compliance, i.e. matching item numbers, units of measure and master data between buyer and supplier. Modern approaches use supply chain analytics to evaluate fill rates across supply chains and with tier-n transparency. Without reliable master data, distortions threaten, for example through duplicates or incorrect units of measure.

Calculation variants at a glance

The classic formula is: delivered quantity (or line items) divided by ordered quantity (or line items) multiplied by 100. It is important to agree whether late but subsequently delivered quantities are counted, or whether, after expiry of a tolerance window, they are treated as a shortage. The fill rate is therefore often reported either as an immediate fill rate or as a period-based fill rate. Both variants answer different questions and should not be mixed.

- Unit fill rate: quantity reliability at unit level
- Line fill rate: proportion of fully delivered line items

- Order fill rate: proportion of orders delivered complete
- Dollar fill rate: value-weighted view

Integration into supplier evaluations

The fill rate is a standard component of supplier evaluation systems, where it is typically recorded alongside parts per million (PPM) for quality assessment and on-time delivery. The supplier segmentation matrix can be used to derive concrete consequences from it, such as more intensive development partnerships for strategic suppliers or phase-out in cases of chronically below-average supply. A prerequisite is clear governance in category management that bindingly regulates measurement, escalation and follow-up measures.

Significance for procurement and operational processes

The fill rate has a direct impact on material availability, production planning and warehousing. A fill rate that is too low generates shortages, emergencies and replacement purchases; an artificially high fill rate through oversized safety stock causes tied-up capital and warehousing costs.

Link with shortage management

Every under-delivered line item generates effort in shortage management: reorders, escalations, re-disposition in production and, if necessary, expensive air freight. The fill rate is therefore an early indicator of hidden process costs that often do not appear in the procurement controlling account. The goal is not an ideal fill rate of 100 per cent at any price, but an economically sound target value that balances supply security and inventory costs.

Forecasting and demand planning

Reliable fill rate values feed into demand notification and dispositive planning. If a supplier's historical fill rate is, say, 96 per cent, planning can compensate for this via safety time or safety stock. Capacity planning on the supplier side also benefits from stable, predictable buyers. Instruments such as freeze fence delimit the short-term changeable planning horizon and thus stabilise delivery capability on both sides.

Interlinking with procurement strategy

Fill rate results should systematically feed into the procurement strategy. For strategic items, a higher fill rate requirement can justify a higher purchase price level; for C-parts, more pragmatic targets are usual. Supply risk aspects such as alternative suppliers, dual sourcing or concentration risks in the supply base also become visible through fill rate evaluations. In this way, the metric links operational delivery data with strategic sourcing decisions, for example within source-to-contract (S2C).

Key KPIs and target values around the fill rate

The fill rate is rarely viewed in isolation, but rather as part of a KPI set for delivery performance. A combination of quantity, delivery date and quality metrics, evaluated together in the supplier evaluation system, makes sense.

Core metrics in combination

In addition to the fill rate, on-time delivery, the OTIF rate (On Time In Full), parts per million (PPM) for quality and the complaint rate typically belong to the standard repertoire. Supplementary metrics on repeat deliveries and the duration of open shortages provide clues about the depth of root causes. Anyone looking at only one metric risks misdirection: a supplier can look good on fill rate while systematically missing the agreed delivery dates.

Industry-standard target values

In practice, fill rate targets of 95 to 98 per cent are considered typical for standard materials, while critical A-parts for series supply often require target values of 99 per cent and above. For long-lead items or bottleneck materials, lower values may be acceptable in the short term without indicating a supplier problem. Target values should therefore be agreed by item group and linked to bonus-malus models via the price adjustment clause or framework agreements.

Tolerances and contractual anchoring

To make the fill rate legally robust and practicable, it should be included in supplier contracts or framework agreements together with the measurement methodology, data sources, tolerance windows and consequences. Incoterms such as Incoterms CIF or Incoterms FAS also influence the point in time at which a delivery is deemed to have been made and should be considered when defining the measurement. Legal detail questions, such as those concerning contractual penalties or warranty, must be examined on a case-by-case basis.

Risks and controls

The greatest danger with the fill rate lies in data and definition problems: whoever measures incorrectly steers incorrectly. Additional risks arise from incentives to manipulate on the supplier side and from one-sided metric optimisation.

Typical measurement and data risks

Common sources of error are missing partial deliveries in goods receipt, deviating item numbers, late-posted follow-up deliveries and different cut-off dates between order and delivery postings. A dock appointment system with a complete Advance Shipping Notice (ASN) significantly improves data quality, because arrival times and contents are available electronically in advance. Regular reconciliation between purchasing, logistics and the supplier side resolves discrepancies.

Scope for distortion

On the supplier side, there is an incentive to prioritise certain customers or to shift quantities close to the measurement cut-off date. This is countered by clear, contractually fixed measurement rules, sample checks and functioning shortage management with documented escalation levels. For critical suppliers, tier-n transparency also helps to identify bottlenecks in the sub-supplier chain early, before they reduce the fill rate.

Control instruments and governance

Effective controls include monthly supplier reviews based on a shared data set, defined escalation paths when threshold values are undercut, and the anchoring of the fill rate in bonus-malus arrangements or price adjustment clauses. Governance in category management should define who releases measured values, how discrepancies are clarified and which follow-up measures apply in the event of persistent deviations. This turns a metric into a manageable steering instrument.

Current developments: fill rate in digital supply chains

Owing to advancing digitalisation and higher requirements for supply security, the fill rate is gaining strategic importance. Real-time data, collaborative planning and supply chain transparency are changing the way the metric is collected and used.

Real-time data and collaborative planning

Modern supplier portals and EDI connections provide status data almost in real time, so that under-deliveries are identified early rather than only surfacing at goods receipt. Collaborative forecasting processes, in which demand notifications are reconciled with the supplier's capacity planning, proactively reduce the causes of shortages. Advanced supply chain analytics and predictive models complement backward-looking measurement with early-warning indicators.

Resilience and multi-sourcing

The experiences of supply chain disruptions in recent years have strengthened the field of resilience. Many companies now no longer evaluate suppliers solely on the basis of historical fill rates, but supplement them with risk metrics, alternative sources and multi-sourcing strategies. The fill rate remains the operational reference value against which the effectiveness of resilience measures is measured.

Sustainability and reporting in combination

Increasingly, delivery performance metrics are being linked with sustainability and compliance topics, for example when packaging and circular economy requirements such as the PPWR declaration of conformity affect the delivery capability of packaging components. Going forward, however, the fill rate will retain its essential character: it simply measures whether the ordered material is available in the required quantity. Its informative value depends decisively on clean measurement and fair, mutual interpretation.

Typical metrics

Metric	Typical value
Unit Fill Rate	95–98 % *Quantity reliability at unit level, typical benchmark for standard materials*
Order Fill Rate	> 90 % *Proportion of orders delivered complete, more sensitive than line-item view*
OTIF	> 95 % *Combines on-time delivery and completeness, core metric in supplier reviews*
Line Fill Rate for critical A-parts	> 99 % *Higher target values for series-critical line items*

Practical example

A mid-sized mechanical engineering company with around 400 active orders per month repeatedly experienced line stoppages during series production phases, even though the on-time delivery performance of its core suppliers exceeded 95 per cent. A detailed analysis revealed: the fill rate at line-item level was only 91 per cent for individual suppliers because partial quantities were regularly delivered without ASN and without a follow-up date. The company subsequently introduced a standardised fill rate report per supplier and item group.

- Binding definition of unit, line and order fill rate in the supplier handbook
- Mandatory Advance Shipping Notice (ASN) for all A-part suppliers linked to dock appointments
- Monthly supplier reviews based on a shared data set, with escalated shortage management from 96 per cent
- Inclusion of the fill rate in the supplier segmentation matrix and linkage to framework agreement targets

Conclusion

The fill rate is one of the most practically relevant metrics for assessing the delivery capability of suppliers, because it makes quantity and line-item reliability directly visible. However, its value only unfolds in combination with on-time delivery, OTIF and quality metrics such as parts per million (PPM). Decisive factors are a contractually fixed measurement methodology, clean master data and clear governance with defined escalation paths. Those who consistently measure the fill rate, integrate it into supplier evaluations and interlink it with their procurement strategy reduce shortage costs and sustainably increase supply security.

Frequently asked questions

? What does fill rate mean?

The fill rate indicates the proportion of ordered quantities or line items that was actually delivered in full and in line with requirements, usually expressed as a percentage. It is a core metric in supplier evaluation. It is often combined with on-time delivery, for example in the OTIF rate.

? How is the fill rate calculated?

The basic formula is: delivered quantity (or line items) divided by ordered quantity (or line items) multiplied by 100. Key factors are the definition of the measurement period and whether follow-up deliveries are counted. The measurement methodology should be contractually agreed between buyer and supplier.

? What is a good fill rate?

For standard materials, values of 95 to 98 per cent are considered typical in practice. For critical series parts, 99 per cent or more is often the target. The economically optimal value depends on shortage costs, safety stock levels and item criticality.

? What is the difference between fill rate and OTIF?

The fill rate measures whether the ordered quantity was delivered in full; the OTIF rate (On Time In Full) combines this with on-time delivery. A delivery can therefore have a high fill rate but a poor OTIF rate if it arrives late but complete. Both metrics complement each other in supplier evaluation.

? How can a company improve its fill rate?

Key levers are precise demand notifications, reliable forecast data and capacity alignment with suppliers, as well as the use of ASN and dock appointments for data transparency. In addition, safety stock for critical parts, alternative sources and a structured shortage management process with escalation procedures help.

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