FROM COMPLIANCE TO PARTNERSHIP

TRADING PARTNER PERFORMANCE

INDUSTRY RESEARCH REPORT · 2026

SPS COMMERCE

4,000+ BUYING ORGANIZATIONS. ONE CONSISTENT FINDING.

Most organizations treat trading partner compliance as a supplier capability problem. The data says otherwise.

The root cause is not capability, and the fix does not start where most teams are currently focused.

TABLE OF CONTENTS

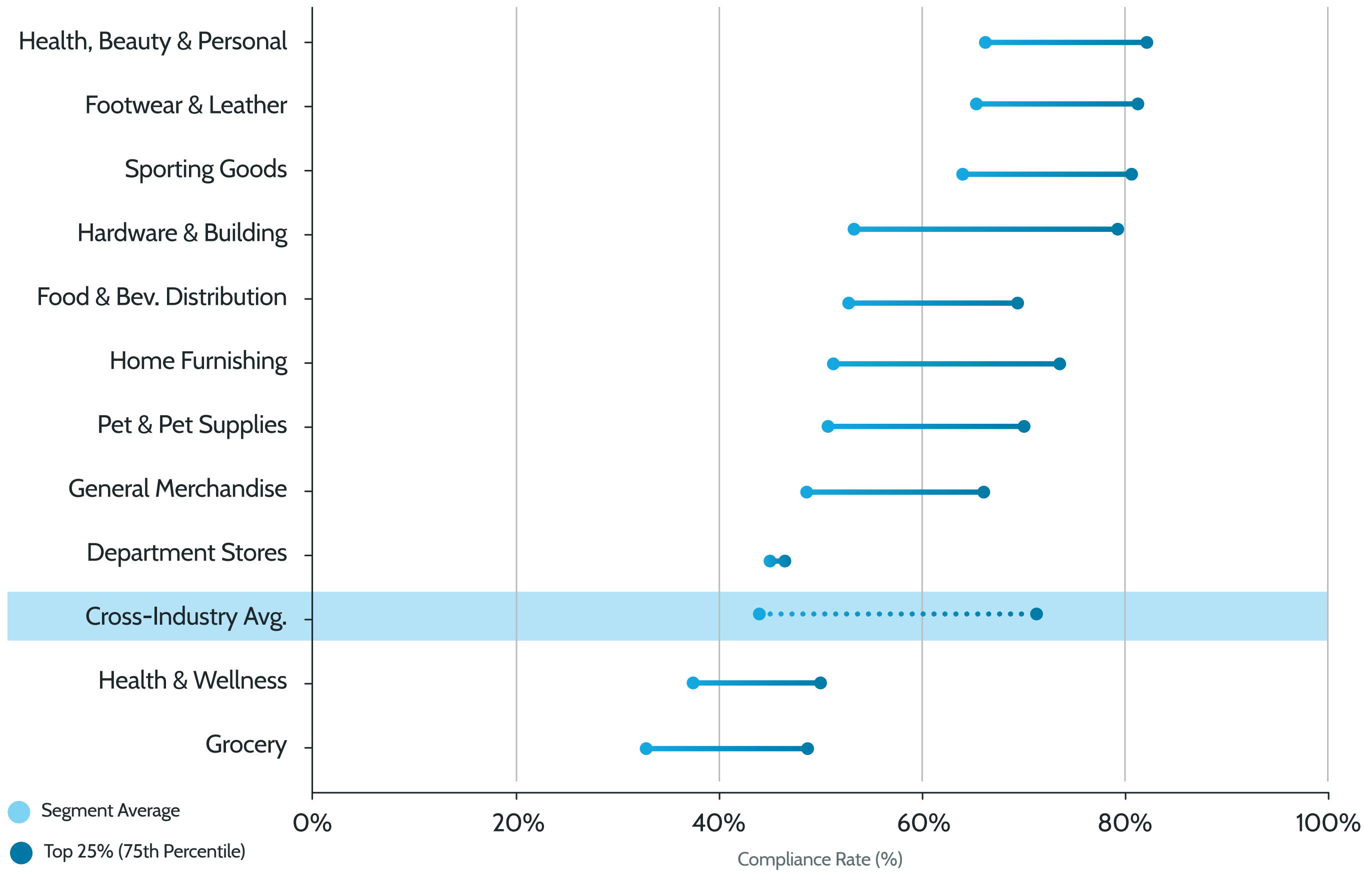
ABOUT THIS DATA - Compliance benchmarks in this report are drawn from transaction-level data across the SPS Commerce network of 4,000+ buying organizations spanning retail, grocery, food distribution, and industrial distribution. Compliance is calculated as the simple average of order confirmation, shipping notification, and invoice participation rates. SPS-connected suppliers frequently trade with multiple buying organizations simultaneously, providing a direct, real-world comparison of compliance outcomes that no survey or self-reported dataset can replicate.

THE STATE OF TRADING PARTNER PERFORMANCE

The average organization has less than half its supplier base in full compliance. Even top quartile performers reach only 66.6%, meaning the best-run supply chains still receive incomplete data from roughly one in three trading partners.

TOP-QUARTILE PERFORMERS REACH 15–26 POINTS ABOVE AVERAGE, ACROSS EVERY INDUSTRY.

Across six industries, volatility patterns varied widely. Foodservice and sporting goods experienced the highest aggregate exposure, driven by perishable or high-velocity inventory. Even traditionally stable sectors such as grocery and CPG/retail showed meaningful exposure, reflecting the systemic nature of communication lags and data disconnects.



Source: SPS Commerce Network Transaction Data, 4,000+ buying organizations.

WHAT THE GAP ACTUALLY COSTS

When suppliers do not perform consistently, the consequences cascade across four distinct organizational domains, each with direct leadership exposure.

SUPPLY CHAIN & OPS

RECEIVING PRODUCTIVITY AND INVENTORY ACCURACY

Receiving productivity drops when teams must manually reconcile unexpected shipments. Inventory accuracy degrades, replenishment models break down, and fulfillment exceptions multiply in omnichannel environments where a single missed ASN cascades across multiple order types.

FINANCE & AP

UP TO 42% REDUCTION IN RECEIVING EFFORT

Organizations closing the compliance gap report a 42% reduction in receiving effort and 30% fewer invoices requiring reconciliation. Sun & Ski Sports recovered ~$250K/year in previously invisible compliance costs.

MERCHANDISING

PROMOTIONAL CALENDARS BUILT ON ASSUMPTIONS

Late receipts, allocation shortfalls, and markdown exposure all trace to supplier execution gaps. Promotional calendars and seasonal assortments are built on assumptions, not confirmed supply, because order confirmation gaps leave purchase orders in limbo.

TECHNOLOGY & AI

POOR DATA QUALITY BLOCKS AI INVESTMENT RETURNS

BCG found 61% of supply chain leaders cite poor data quality as their top barrier to AI implementation. A grocer at 31.6% compliance is building forecasting on a foundation where fewer than one in three supplier interactions generates reliable data.

AI READINESS TEST

You cannot build a reliable AI capability on top of a trading partner network where fewer than half of suppliers are consistently exchanging accurate data. **Performance is a prerequisite for every technology investment on the retail roadmap.** MIT research found 95% of organizations see no measurable ROI from GenAI investments, with the core barrier identified not as infrastructure or talent, but as data integration.

THE ROOT CAUSE: ENGAGEMENT, NOT CAPABILITY

Suppliers are not failing to perform because they cannot. They are failing because they have not been given clear expectations, accessible tools, and an accountability structure that makes compliance the path of least resistance.

1. **Unclear Vendor Guide**
Suppliers often do not fully understand what they have agreed to. Some organizations now offer new vendors a walk through of their own vendor guide because suppliers frequently cannot interpret what they signed.

2. **Stale Contact Data**
Retailer vendor contact records are consistently outdated. Supplier communication fails before it starts, the right person never gets the message about a requirement change.

3. **Accountability Ends at the Outbox**
Most organizations lack both the communication infrastructure and the reporting capability to verify that a requirement update was received, understood, and acted on.

4. **No Solution That Fits Every Supplier**
Smaller suppliers face real friction in traditional compliance environments. When compliance is technically complex or expensive, non-participation becomes the default; not unwillingness, but an inaccessible path.

"Not all our suppliers have the capability of doing EDI on their own. With SPS, we can continue to get those efficiencies from all suppliers, even those that do not have an IT department. As long as they have a computer, they have the ability to share information with us in a standardized way."

William Boland, Director of Product Management, MSC Industrial Supply

THE PERFORMANCE MATURITY MODEL

Stages of trading partner performance development observed in retail, grocery, and distribution networks.

1
REACTIVE

Performance managed after the fact
Violations discovered when shipments arrive unexpectedly, invoices do not match, or shelves go empty. Cost recovery capture is inconsistent.

2
VISIBLE

Basic tracking exists
Order status, some ASN participation, invoice matching in the ERP. Reports are lagging. Scorecards exist but are produced manually and rarely drive supplier behavior.

3
MANAGED

Requirements clearly documented and enforced
Violations identified automatically. Cost recovery applied consistently. Well-run, but primarily as a monitoring and enforcement mechanism.

4
PARTNERSHIP

Expectations shared, not imposed
Suppliers have the tools to meet requirements and visibility into the same performance data the retailer sees. Improvement conversations happen proactively, grounded in shared data.

5
AI-READY

Data powers demand forecasting and automation
Trading partner data is consistent, timely, and reliable enough to power demand forecasting, inventory optimization, replenishment automation, and supply chain visibility.

Most organizations operate at Level 2 or 3. The shift from Level 3 to Level 4 is where business outcomes change most dramatically, and where the greatest performance improvement potential lives.

WHAT HIGH-PERFORMANCE NETWORKS LOOK LIKE

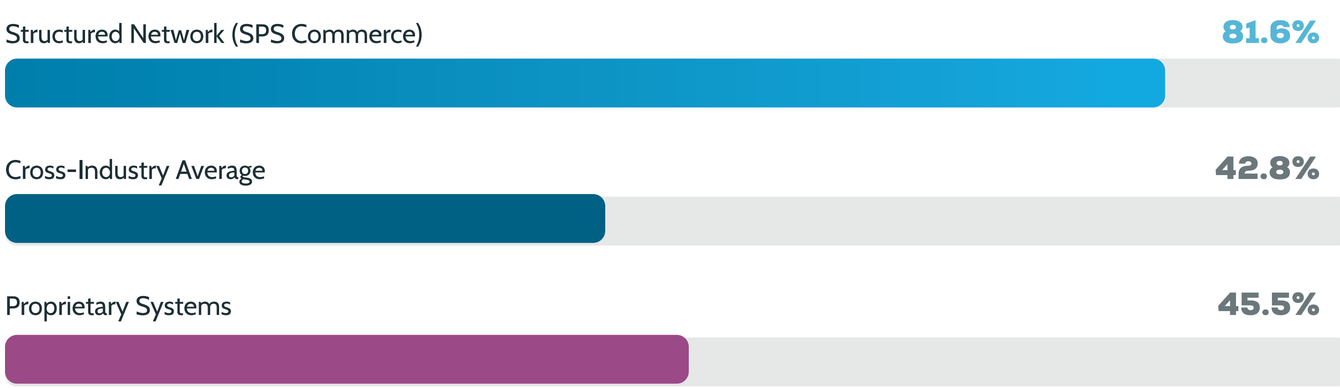
Buying organizations managing their full supplier network through a structured platform demonstrate meaningfully better performance outcomes across every metric.

STRUCTURED NETWORK VS. PROPRIETARY SYSTEMS: PERFORMANCE COMPARISON

METRIC	NETWORK OUTCOME	CONTEXT
Blended Trading Partner Compliance	**81.6% VS. 45.5%**	Structured network vs. proprietary systems
Performance vs. Top-25% Peers	**+27% ABOVE**	Sustained across all segments
Supplier Non-Participation Rate	**2.5× LOWER**	Structured vs. proprietary-system environments
Full Engagement: All Requirements	**68% VS. 62%**	Structured network vs. proprietary
ASN Participation Advantage	**+5 TO 6 PP**	Highest-risk, most operationally sensitive requirement

Source: SPS Commerce Network Transaction Data. Structured network vs. proprietary-system buying organizations.

COMPLIANCE PERFORMANCE: STRUCTURED NETWORK VS. PROPRIETARY SYSTEMS



TURNING COMPLIANCE INTO PARTNERSHIP

The five steps below reflect what high-performance networks do differently, shifting the conversation from enforcement to mutual accountability.

1 **Audit and Clarify Your Vendor Guide**
Most suppliers do not fully understand what they have agreed to. Audit for clarity, make it accessible, and treat the vendor guide as a living document updated when requirements change and proactively communicated to the supplier community.

2 **Help Every Supplier Get the Right Solution**
Performance gaps are often about capability, not willingness. A national brand on a full ERP integration has different needs than a regional supplier on a web portal. Structural gaps cannot be fixed with financial pressure alone.

3 **Put Real-Time Visibility and Scorecards in Place**
You cannot improve what you cannot see. Real-time visibility by supplier, by requirement, by category makes accountability possible at scale. Scorecards suppliers can see and act on turn performance conversations from punitive to productive.

4 **Build a Proactive Improvement Program**
Cost recovery, done well, is a shared accountability tool: it quantifies the real operational cost of compliance gaps. The highest-performing organizations combine structured cost recovery with proactive outreach to struggling suppliers before problems compound.

5 **Reframe: From Compliance to Performance and Partnership**
The language of compliance frames the relationship as adversarial. Suppliers who feel like partners perform better, onboard new requirements faster, and invest in capabilities that benefit both sides.

The gap is bigger than you think.

Most supply chain leaders estimate their supplier compliance at 80% or better. Network data across 300,000+ trading relationships tells a different story: actual compliance rates run 40–50% for a majority of retailers.

That gap doesn't stay in a spreadsheet. It becomes chargebacks, manual exceptions, and inventory you can't account for until the quarter closes.

300,000+
Trading relationships

3,500
Buying organizations

$650B+
In annual transaction volume behind every benchmark

The retailers closing that gap aren't guessing at the cost of staying still. They've already calculated it.

RUN THE QUICK IMPACT CALCULATOR

Three minutes. Your revenue, your supplier count, your real exposure.

Calculate your impact

ABOUT SPS COMMERCE

SPS Commerce is the world's leading retail network, connecting trading partners around the globe to optimize supply chain operations for all retail partners. We support data-driven partnerships with innovative cloud technology, customer-obsessed service and accessible experts so our customers can focus on what they do best. Over 50,000 recurring revenue customers in retail, grocery, distribution, supply, manufacturing and logistics are using SPS as their retail network.