

Execution Over Experimentation



SECTION 1: EXECUTIVE SUMMARY Month at a Glance

Kenya enters the last quarter with a steady shilling and a rising cost of living. The shilling traded at KES 129.71 to the US dollar on 1 October, against 129.24 a year earlier. Inflation reached 6.8% in September, with food up 9.5% and transport up 15.6%.

Fuel is the sharper pressure on retail margins. Diesel in Nairobi costs KES 217.86 a litre, 27% more than in October 2025. Cost pressure this quarter comes from freight, fuel and food. The currency is not the problem.

Two dates fall this week. The Central Bank of Kenya's Monetary Policy Committee meets on Wednesday 7 October. Public comments on the draft National Payment System Bill, 2026 close on Friday 9 October.

Abroad, the lesson is about volume. US retail sales rose for an eleventh month in August, yet grocery shoppers bought fewer items every month from February to June. In Africa, one multinational grocer is expanding by franchise into 22 countries while another grows fastest through on-demand delivery from its existing stores.



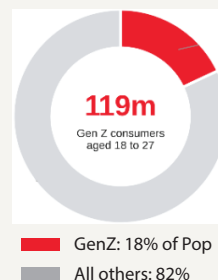
SECTION 2: GLOBAL RETAIL INTELLIGENCE

Growth in mature markets is coming from price, and volumes are falling underneath it. US retail sales rose for an eleventh consecutive month in August. Sales excluding motor dealers and fuel stations grew 0.22% on the month and 3.87% on the year, according to the CNBC/NRF Retail Monitor.

The National Retail Federation changed its methodology with this release. The August figures cannot be compared directly with earlier months.

Grocery tells the fuller story. Bain's analysis of NielsenIQ data shows US grocery unit sales fell year on year in every month from February to June 2026. Prices rose 2% to 3% over the same period, which kept sales values up.

GenZ is 18% of the population in six African markets



Two models, opposite directions

A French grocery multinational announced its 2030 strategy in February 2026. It plans to trade in 22 African countries by 2030, up from 14, almost entirely through franchise partners. In Ghana its partner took over and rebranded seven stores that Shoprite had left. Shoprite has gone the other way. It pulled back to Southern Africa and put its growth into on-demand delivery. In the year to 28 June 2026, its Sixty60 platform grew sales 34.5% to R25.5 billion, from R18.9 billion.

That platform added R6.6 billion of the group's R18.1 billion in new sales, more than a third. It delivered from 976 stores nationwide.

B2B e-commerce is consolidating

The platforms that digitise kiosk supply are under strain. The best-known Kenyan-founded platform merged with an Egyptian peer in August 2024. The combined business trades in five markets, down from eight before the merger. A Kenyan rival closed its B2B ordering platform in 2024. Members weighing a distribution partnership should check a platform's finances before committing volume to it.

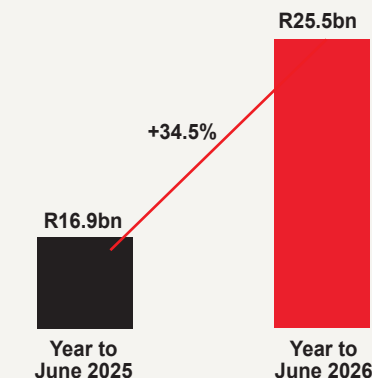


SECTION 3: AFRICAN RETAIL DYNAMICS

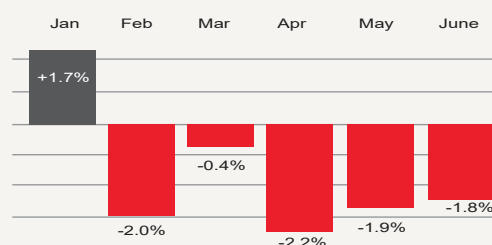
Africa's young shopper base is large, and the headline number needs its scope stated. Boston Consulting Group counts 119 million Gen Z consumers aged 18 to 27 across six markets: Egypt, Ethiopia, Kenya, Morocco, Nigeria and South Africa. That is 18% of those six countries' combined population. It is not a continental total.

BCG surveyed 6,275 urban consumers in July 2025. Gen Z respondents put about 30% of their monthly budgets into non-essentials, against 22% for older generations. They research online and still buy in store. McKinsey's latest State of Consumer Africa report, as covered by The Africa Report, gives the continental figure: 303 million Gen Z consumers in 2025, projected to reach 469 million by 2030. The same report describes a more pragmatic shopper and expects the next pools of demand in peri-urban areas and smaller towns.

On-demand grocery delivery grew 34.5% in a year



US grocery shoppers bought fewer items five months running



Europe shows a similar gap between income and spending. Average purchasing power per person in the EU-27 reached 22,425 euros in 2025, a nominal rise of 3.3%. Retail turnover grew 2.1%, as households put more of their budgets into services, travel and leisure.

The point for Kenya is practical. With food inflation at 9.5%, a store can report higher sales while selling fewer units. Members should read their own numbers both ways.



SECTION 4: KENYA RETAIL FOCUS

Kenya Retail Focus

4A: Policy and Regulatory Update

The draft National Payment System Bill, 2026 is the policy item that matters most to members this month. The National Treasury and the Central Bank of Kenya published it in late September to replace the 2011 Act. Comments close on Friday 9 October.

The Bill creates ten licence categories, including one for merchant acquirers. It requires payment providers to make their systems work with rivals' systems, and the accompanying policy commits to a national instant payment switch. It is still a draft and the detail may change.

Interest rates come next. The Central Bank Rate stands at 8.75%, and the Monetary Policy Committee meets on Wednesday 7 October. September inflation of 6.8% sits above the 5% midpoint of the target range for a sixth month. One European rule needs stating accurately. The EU's Ecodesign for Sustainable Products Regulation has been in force since July 2024 and places no new duty on Kenyan retailers today. Since 19 July 2026, large companies in the EU may not destroy unsold clothing and footwear. Product passport rules for textiles are expected in 2027 and will matter to members who supply EU buyers.

4B: Market Performance Metrics

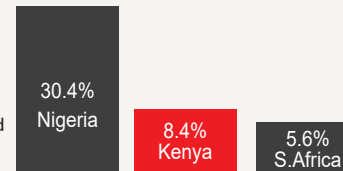
Kenya's modern retail sales reached \$11.6 billion in 2024, up 8.4% on the year. These are Euromonitor figures analysed by Finance in Africa, the latest comparable set available. Nigeria grew 30.4% to \$13.2 billion and South Africa 5.6% to \$72.6 billion.

Nigeria's growth came amid one of the continent's highest inflation rates. The source does not say whether its figures are adjusted for prices. Kenya's retail sales per person rank among the highest in frontier African markets, according to the same analysis.

Business conditions softened late in the third quarter. The Stanbic Bank Kenya PMI fell to 49.7 in August from 51.3 in July, and a reading below 50 signals contraction. The September reading is due this week.

Kenya's modern retail sales grew 8.4% in 2024

Growth in modern retail sales 2024. Nigeria's figure came amid one of Africa's highest inflation rates



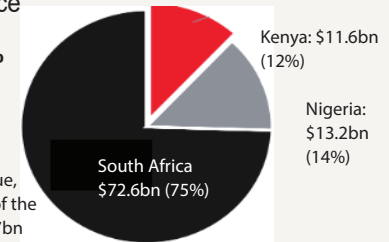
4C: Market Signal: A new international entrant

A UK sports retailer opened its first African store in Nairobi in mid-September. It trades through a franchise partner, and a second Nairobi store is planned before the end of October. The same partner opened a global sportswear brand's flagship store in the city in May.

The operator has named Nigeria, South Africa and Morocco as its next markets. International chains are entering Kenya through franchise partners and taking prime mall space. Specialist retailers in the same categories should expect large-format, multi-brand competition on price

Kenya holds 12% of the three markets' modern retail sales

Modern retail sales value, 2024 US\$ billion: Share of the three market total of \$97bn



SECTION 5: DATA DASHBOARD

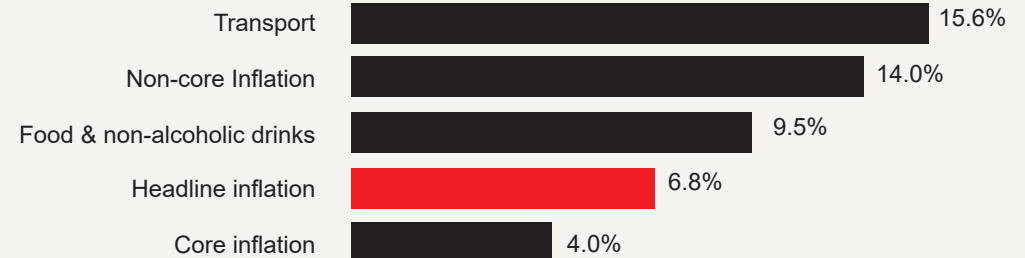
Numbers That Matter - as of July 2, 2026

The shilling is flat and prices are not. Every figure below is Kenyan and carries its date and source

Metric	Latest	As of	What it means for retail
KES per US dollar	129.71	1 October 2026 (CBK)	0.4% weaker than 129.24 on 9 October 2025. Stable, so not the cause of higher landed costs.
Central Bank Rate	8.75%	Dated 11 August 2026 (CBK)	Next decision on Wednesday 7 October.
Headline inflation	6.8%	September 2026 (KNBS)	Up from 6.6% in August. Shoppers have less room in the basket.
Stanbic Bank Kenya PMI	49.7	August 2026 (Stanbic Bank Kenya)	Below 50, down from 51.3 in July. Private sector activity contracted.

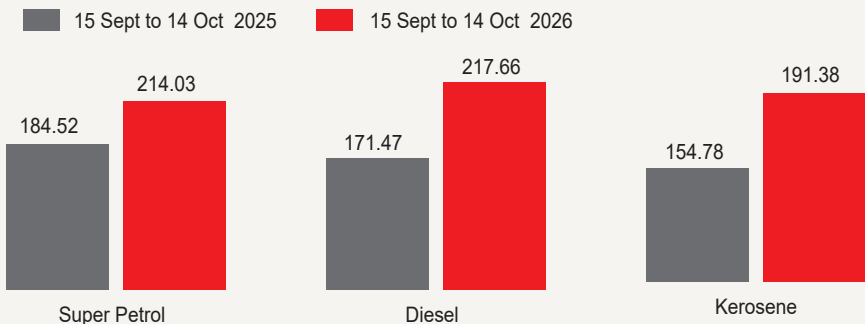
Inflation is uneven. Transport prices rose 15.6% and food 9.5% in the year to September, while core inflation was 4.0%.

Kenya Pump Fuel Prices, Nairobi | EPRA maximum retail price, 15th Aug 2026



Fuel explains much of the transport figure. Maximum pump prices in Nairobi for 15 September to 14 October are KES 214.03 for super petrol, 217.66 for diesel and 191.38 for kerosene. Diesel is up 27.1% on the same cycle last year.

Diesel in Nairobi costs 27% more than a year ago



SOURCE: Energy and Petroleum Regulatory Authority (EPRA)



SECTION 6: ACTIONABLE INSIGHTS

Strategic Imperatives for This Week

6A. Immediate Actions

- By Friday 9 October: respond to the National Payment System Bill. Read the clauses on merchant acquirers, interoperability and fee disclosure. Send comments to the Central Bank of Kenya before the deadline.
- By Friday 16 October: re-cost distribution. EPRA announces new pump prices on Wednesday 14 October. Diesel is already 27% above last year, so update route costs and transporter rates once the new prices are out.
- By Friday 30 October: report sales in units as well as shillings. Run September and October by category. Where food sales value grew by less than 9.5%, the store has probably sold fewer units than last year.
- Before any supplier switch: test the reason. The shilling has moved 0.4% in a year. Currency alone does not justify moving volume lines to new suppliers, though freight and fuel content might.

Strategic Opportunities

Opportunity	Owner	Target date	First measure
One view of stock and sales across store and online	Chief Technology Officer	End of March 2027	A single stock figure per product across channels, with baseline cross-channel conversion recorded
On-demand delivery pilot from existing stores	Head of Supply Chain	End of March 2027	Delivery cost per order and repeat order rate in the pilot stores
Loyalty programme linked to digital payments	Marketing Director	End of January 2027	Share of sales from identified customers, and their repeat purchase rate

Set percentage targets after the baseline is measured. A goal chosen before then has nothing behind it.

SECTION 7: FORWARD LOOK The Weeks Ahead

The dates that matter most fall in the first half of October.

Date	Event	Why it matters
Wednesday 7 October	Central Bank of Kenya rate decision	Sets the cost of credit going into the festive quarter.
Friday 9 October	Comments close on the National Payment System Bill, 2026	Last day to influence the rules for merchant payments.
Wednesday 14 October	EPRA monthly fuel price review	New pump prices apply from 15 October.
Tuesday 20 October	Mashujaa Day	Public holiday trading and staffing.
End of October	KNBS inflation figures for October	Shows whether food and transport prices keep climbing.
During October	Full CNBC/NRF Retail Monitor release	First US sector detail under the new methodology.
Friday 27 November	Black Friday	Promotions and stock should be planned in October.

November's edition will cover the rate decision, the October fuel review and early festive season