THE RETAIL TRADE ASSOCIATION OF KENYA

Execution Over Experimentation

SECTION 1: EXECUTIVE SUMMARY
Month at a Glance

Kenyan retailers go into December with prices rising and the shilling steady, which is the reverse of the pressure most members planned for. Inflation reached 7.3% in October, its highest level since July 2023 and just under the Central Bank of Kenya's 7.5% ceiling, driven by fuel and food rather than the exchange rate.

Abroad, the picture splits. US retail is on course for its strongest non-pandemic year since 2013, while luxury groups in Europe are selling property to repair their balance sheets. In South Africa, online retail is forecast to reach R159 billion this year, roughly one rand in every ten spent on retail.

The month's biggest regional event came on 2 November, when Washington confirmed it will remove South Africa and Rwanda from AGOA on 1 January 2027. Kenya keeps its access. Rwanda's exit, though, puts the issue inside the East African Community.

For members, the message is practical: protect the December basket, keep checkout simple, and treat fuel and freight, not the dollar, as the cost line to watch

SECTION 2:
GLOBAL RETAIL INTELLIGENCE

The United States remains the outlier. The National Retail Federation expects core retail sales to grow 4.4% in 2026 to US$5.6 trillion, ahead of the 3.6% ten-year average.1 The figure excludes cars, fuel and restaurants, and most of the growth is coming from higher-income households.

Luxury tells a different story. After years of growth built on price rises rather than volume, Kering has been selling majority stakes in its flagship buildings to cut debt: three Paris properties in 2025, its Fifth Avenue building in New York in December 2025, and a Milan property this year.2 It keeps minority stakes and its stores stay put. The lesson for any retailer is that pricing power has limits, and the bill arrives on the balance sheet.

Transatlantic trade has also shifted. Since 24 July 2026 the US applies an all-inclusive 10% rate on most EU goods, down from the 15% ceiling agreed in 2025, with steel and aluminium still treated separately.3

SECTION 3: AFRICAN RETAIL DYNAMICS

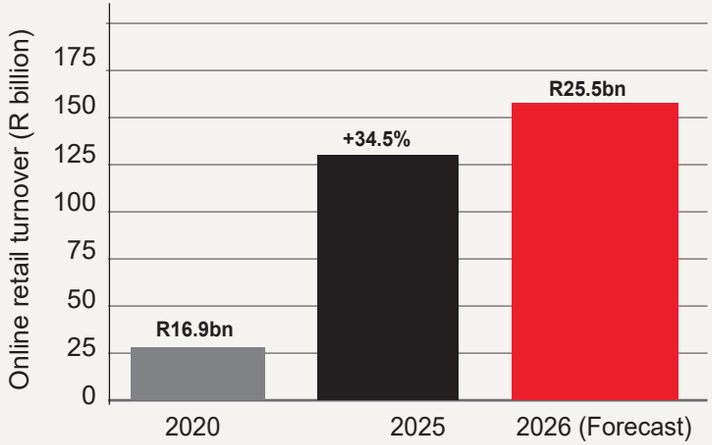
South Africa is still the continent's clearest signal of where digital retail goes once it scales. Online sales are forecast at R159 billion for 2026, up 22.5% and about 10% of total retail turnover for the first full year.4 Growth is slowing, though, from 35.4% in 2025. The market is maturing, not exploding.

The more useful news for members is that online retail is starting to make money:

Takealot Group posted its first full-year trading profit, R171 million in adjusted EBIT for the year to March 2026, after a R213 million loss the year before.5 Logistics services sold to other retailers helped get it there.

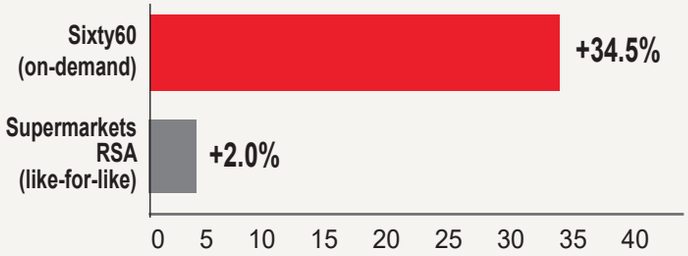
Checkers Sixty60 grew sales 34.5% to R25.5 billion in the year to June 2026, close to five times the pace of its parent's core supermarkets, where like-for-like sales grew 2%.6

South Africa online retail: Five times bigger than in 2020
Forecast growth slows to 22.5% from 35.4% in 2025



Source: World Wide Worx. Online Retail in South Africa 2025 (September 2026)

Digita grows fast. Part of it is the same shoppers switching Channels | Shoprite Group, sales growth by channel



That gap matters. Some of Sixty60's growth is shoppers moving from the store to the app, not new spending. Digital channels win share, but they do not automatically grow the total basket.

Across sub-Saharan Africa, the mobile industry as a whole contributed 7.3% of GDP in 2023, according to the GSMA.7 That figure covers the whole mobile ecosystem, not payments alone.



Ready for 2027
Protocols and Named Accountability

4D: Ready for 2027

Status: Pre-campaign phase (~9 months to polling)
This month's action: One-page protocol, named people, 30-minute walk-through by end December

Most traders already know what they would do if trouble came near their premises. The plan sits in one head, usually the owner's, and the owner may be away or unreachable when it matters.

A protocol turns that plan into short, written decisions made in advance, while things are calm.

A protocol with no name against it is a poster on the wall.

WHAT A PROTOCOL ANSWERS

QUESTION	EXAMPLE
Triggers	A roadblock on your street; a call from the association; a rumour confirmed by two sources; a police advisory
First action	Closing early, securing cash, releasing staff, moving stock, in a set order
Who decides	The point most businesses skip
Who hears	Staff, suppliers and bank, through a known channel

Where it goes wrong: a three-branch retailer. Rumours start while the owner is at head office. Managers wait for instructions, the owner waits for confirmation, and the shutters stay up another hour. A protocol saying "the branch manager closes once trigger two is met" saves that hour.

FIVE PRACTICAL STEPS (NO PURCHASE REQUIRED)

STEP	ACTION	CHECK
1. One page	Triggers, first actions, decision-maker and channels on a single page. Longer will not be read under pressure.	On the back-office wall and in the phones of those named
2. Closer	Name, not job title, the person who may close the business, and their deputy.	Each can act without calling the owner
3. Cash and keys	Name the person who secures cash and keys.	Mobile number against the name
4. Voices	Name who contacts staff, who contacts suppliers and the bank, and who speaks to customers or media, if anyone.	No one holds more than two roles
5. Test once	Thirty minutes, one scenario: it is 2 pm and a roadblock has appeared at the end of the street.	Gaps found: missing number, no deputy

> ***"In a tense afternoon, 'who closes the shop?' cannot be debated."***

COMMON GAPS AND FIXES

GAP	FIX
Owner is the only decision-maker	Delegate closing authority to named managers at a stated trigger
Role with no deputy	Name one, and tell them
One person, three or more roles	Spread the roles; plan fails when that person is absent
Name with no number	Add the mobile number; check it works
Plan nobody has read	Keep it to one page; walk through it with the team

THIS MONTH'S ACTION

Draft the one-page protocol, name the people, and hold the thirty-minute walk-through before the end of December.

Next month: Cash handling and banking disruption, which builds directly on this.

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SECTION 4 (Contined)
Kenya Retail Focus

4A: Policy and Trade

On 2 November the US Trade Representative notified Congress that South Africa and Rwanda will lose AGOA duty-free access from 1 January 2027, citing trade barriers, corruption and threats to US interests.8 South Africa exported about US$1.7 billion under AGOA in 2025. Congress extended the programme itself to the end of 2028 in September.9

Kenya keeps its eligibility. The exposure is indirect. Rwanda is an EAC member, so regional sourcing and re-export routes that run through Kigali may need checking. Members sourcing South African goods should expect some exporters to push harder into African markets as the US door narrows.

4B: Market Performanc

The numbers that matter most this month are domestic:

- **Prices are rising.** Inflation hit 7.3% in October, up from 6.8% in September, led by fuel and fresh food.10 Fuel subsidies and a temporary VAT cut on fuel are softening the blow, and nobody yet knows how long they last.
- **The shilling is not the problem**. It has held around KSh 130 to the dollar, with reserves of about US$14.7 billion, roughly 5.9 months of import cover.11,12
- **Modern retail is still a small slice**. A recent Nairobi Securities Exchange listing memorandum puts modern retail at about KSh 0.4 trillion of a KSh 3 trillion retail market, around 12%, and modern trade at about 24% of grocery spend.13 These are unaudited estimates and should be read that way.
- **Connectivity is wider than it is deep**. Kenya counts 62.6 million mobile broadband subscriptions, but subscriptions are not people. Independent estimates put actual internet users at about 40% of the population.14

The last point deserves attention before anyone budgets for an app-first future. A large share of shoppers still pay by mobile money without browsing online.

4C: Member Lens: What the South African Data Teaches

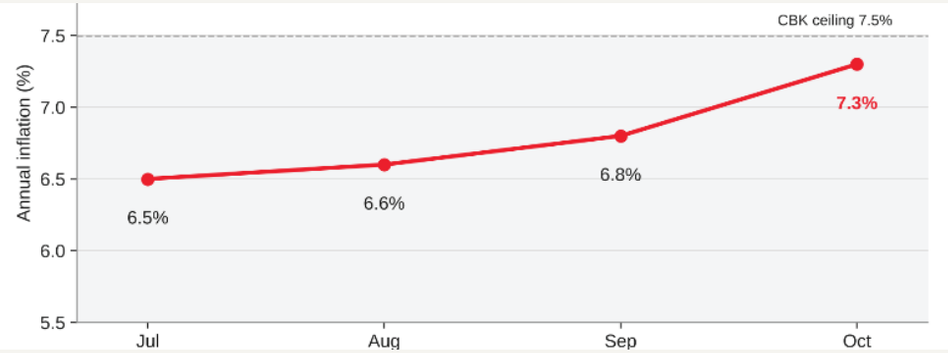
The Sixty60 numbers carry a lesson for Kenyan grocers that goes beyond delivery. The platform grew fast because it sat on top of an existing store network and real-time stock data. Shoppers trusted that what they ordered would arrive.

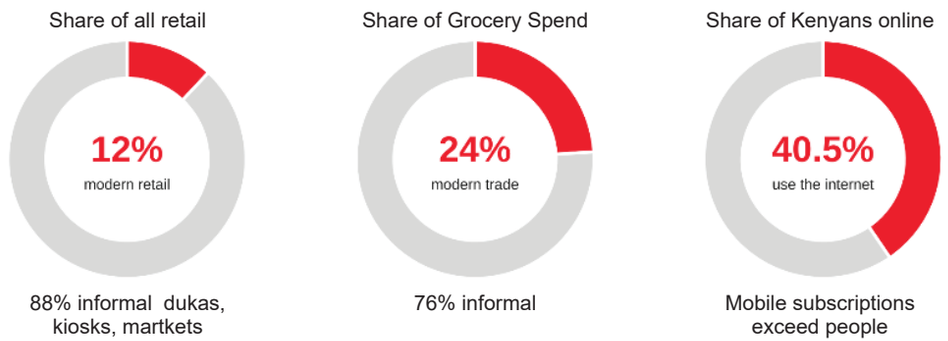
In Kenya, the equivalent lever is simpler and cheaper. Accurate shelf stock, a one-step mobile money checkout and dependable fulfilment from stores already in the neighbourhood will do more than new floor space. The warning from South Africa applies too: measure whether digital orders are new spending or the same customers changing channel.

SECTION 5: DATA DASHBOARD

Prices are the pressure point this month; the currency is not.

Inflation is closing in on the 7.5% ceiling
Kenya headline inflation, July to October 2026



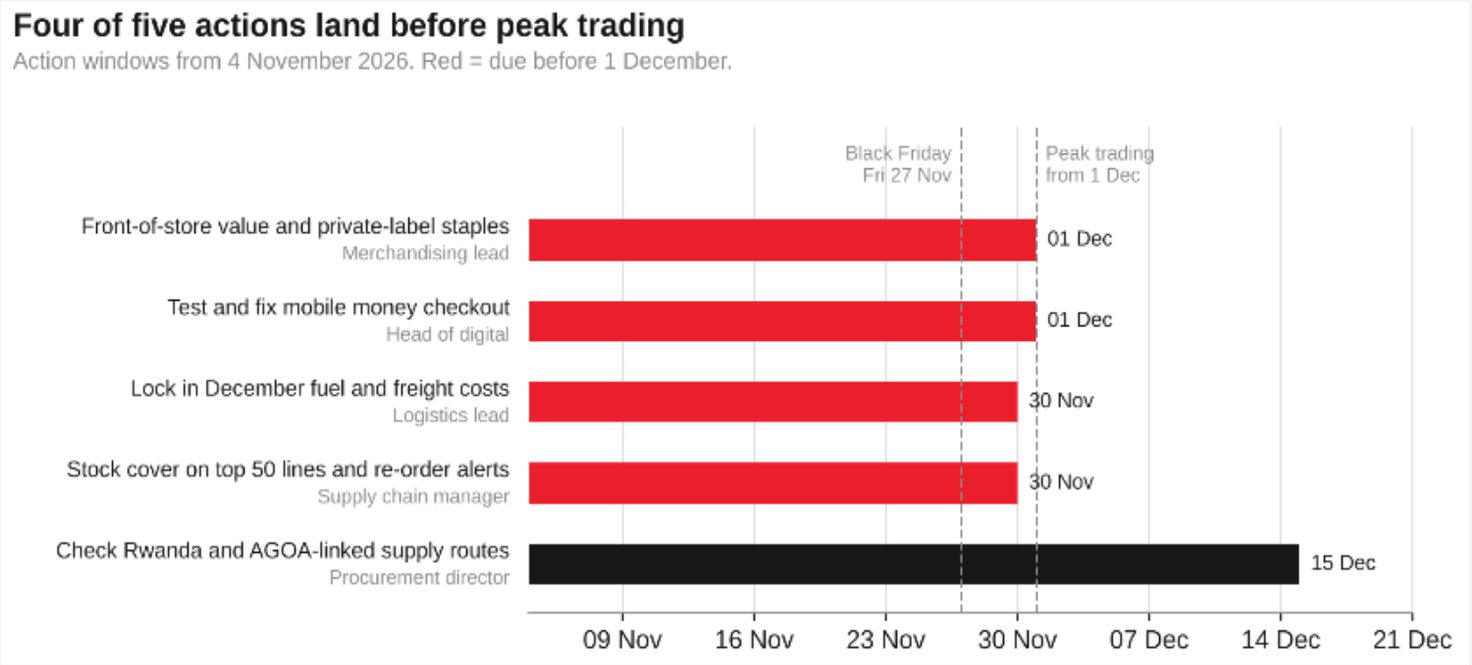


Indicator	Latest reading	As of	What it means for members
Headline inflation	7.3% (6.8% in September)[10]	October 2026	Shoppers trade down; protect entry-price lines
Central Bank Rate	8.75%, held[15]	7 October 2026	Credit costs flat; next decision in December
KES/USD	About KSh 130, stable[12]	30 October 2026	Import costs steady; FX is not this quarter's squeeze
FX reserves	About US$14.7bn, 5.9 months of imports[12]	22 October 2026	Low near-term currency risk
Modern retail share	About 12% of retail; 24% of grocery[13]	2025 estimate	Informal trade still sets price expectations
Internet users	About 40% of population[14]	End 2025	Mobile money reach far exceeds online reach
Prime Nairobi mall occupancy	Above 85% at leading malls[16]	October 2026	Prime space stays tight; secondary space is where terms can be negotiated

Sources: NSE listing memorandum citing Sagaci Research (2025 estimates, unaudited), DataReportal Digital 2026: Kenya (end 2025)

SECTION 6: ACTIONABLE INSIGHTS

6A. Before December Peak



6B. Strategic Opportunities for 2027

The bigger opportunity is the 88% of retail that still happens outside modern stores. Partnerships with distributors and fintech platforms that already serve neighbourhood shops can extend reach into peri-urban and secondary towns without the overhead of new branches.

On property, prime malls are full and expensive, while Nairobi still carries surplus retail space.17 That gives value formats room to negotiate in secondary locations.

On systems, a single view of stock across stores and online channels is what made the South African platforms work. Members planning 2027 budgets should treat stock accuracy as the first digital investment, ahead of new apps.

Action	Owner	By when
Lock in fuel and freight costs for December deliveries; consolidate routes where drops overlap	Logistics lead	End of November
Push existing value and private-label lines to the front of store and app for staples; save new private-label launches for Q1 2027, once supplier and standards approvals are in place	Merchandising lead	Before 1 December
Test the mobile money checkout end to end and fix the biggest drop-off point; avoid major system changes during peak	Head of digital	Before 1 December
Review stock cover on the 50 fastest-moving lines and set re-order alerts for peak weeks	Supply chain manager	End of November
Check any supply routes that run through Rwanda or rely on South African AGOA-linked goods	Procurement director	By mid-December

SECTION 7: FORWARD LOOK The Weeks Ahead

December is when we find out whether October's inflation was a peak or a trend. Four dates to watch:

Date	What happens	Why it matters
Friday 27 November	Black Friday	First read on how stretched shoppers respond to promotions
End of November	KNBS releases November inflation	Shows whether price pressure is easing before peak trading
December (date to be confirmed)	CBK Monetary Policy Committee meets[12]	A rate move would shift credit costs into 2027
Friday 1 January 2027	South Africa and Rwanda leave AGOA	Regional trade flows start to adjust

Listed regional retailers report their half-year results in the first quarter of 2027; we will cover those as they land