retrak
THE RETAIL TRADE ASSOCIATION OF KENYA

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Monthly Retail Intelligence Briefing

August 2025 Market Analysis | Published September 2025

EXECUTIVE SUMMARY

August 2025 revealed declining consumer demand globally while digital transformation accelerated. US core retail sales fell 0.3%, driving investors toward e-commerce and essentials. Europe faced moderated luxury growth amid persistent inflation. Africa's e-commerce sector maintained robust 25% growth, with Kenya's "Yiwu Selection" store opening marking China's strategic push into African retail markets despite local spending caution.

GLOBAL RETAIL INTELLIGENCE

United States: Consumer Demand Softens

Core retail sales declined 0.3% in August, missing forecasts and signaling weakening demand. Discretionary sectors suffered: electronics (-1.2%) and dining (-0.7%), while e-commerce (+9.3%) and industrial goods (+2.1%) showed resilience. Only 22% of tariff costs have reached consumers, indicating more inflation ahead.

Europe: Luxury Consolidation Continues

The luxury market's post-pandemic surge ended, with sales growth moderating significantly. Store openings dropped to 83 (from 107 in 2023). Purchasing power growth slowed to 3.0% per capita, while retail's share of private consumption declined to 32.6%.

AFRICAN RETAIL DYNAMICS

Market Size & Growth

- Consumer spending projected: $2.5 trillion by 2030
- African luxury market: $6.44 billion by 2025 (4.07% CAGR)
- E-commerce revenue: $75 billion in 2025 (25% CAGR)

Key Trends Driving Growth

- Super apps (Jumia, Wasoko) offering integrated services
- Hyperlocal warehousing enabling 2-hour delivery • Live commerce on TikTok and YouTube driving impulse purchases
- WhatsApp catalogs providing zero-fee sales for small businesses

Critical Challenges

- 60% overreliance on Chinese imports
- Significant logistics gaps in rural areas
- Regulatory fragmentation across markets
- Persistent fraud concerns

African E-Commerce Growth Ecosystem

How it works

1. AFCETA creates legal framework for continental trade
2. Super Apps provide technology platforms for commerce
3. Cross-border Trade generates demand and revenue
4. Combined Impact drives continental economic integration

Current E-Commerce Metrics

!" Growth Rate: 25% CAGR (3x faster than global average)
#" Import Dependency: 60% Chinese imports (risk factor)
$" Kenya Leadership: 53.6% e-commerce penetration by 2025
%" Infrastructure: 40%+ social media penetration enabling growth

KENYA RETAIL FOCUS

Policy & Investment Climate

The government's Bottom-Up Economic Transformation Agenda (BETA) prioritizes digitalization and AI adoption. Kenya Investment Authority highlights macroeconomic stability and strategic positioning as East Africa's gateway, attracting Chinese manufacturing partnerships.

Current Market Performance

Sector Fundamentals	Value
Wholesale/retail growth	4.4% in Q2 2024
GDP contribution	60%
Regional ranking	2nd most developed retail sector in Sub-Saharan Africa

E-commerce Trajectory

E-commerce Trajectory	Value
Penetration target	53.6% by 2025
Revenue projection	KSh 92 billion ($922 million)
Current online shoppers	35% of population
AI adoption for price comparison	11% of consumers

Market Reality Check: Despite growth metrics, ***91% of Kenyans perceive themselves in recession***, driving cautious spending and "frugal frequency" shopping patterns

Data Overview

Consumer Recession Perception
91%
Feel in Recession

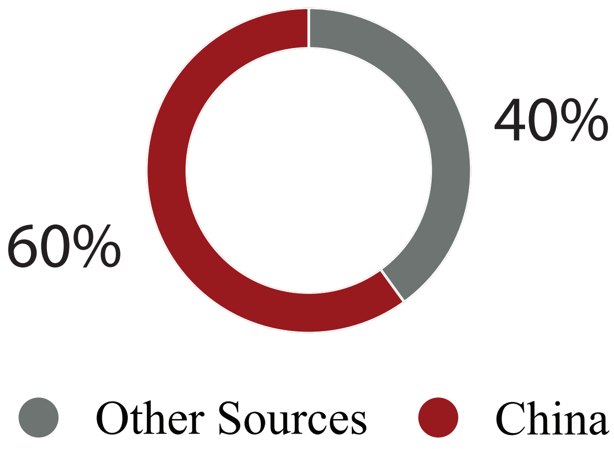
E-Commerce Penetration Target
53.6%
By 2025

KES/USD Appreciation
+17.4%
Ksh 129.3

E-Commerce Revenue 2025
Ksh 92B
($922M USD)

Nairobi Surplus Retail Space
3.6M
Sq Ft Available

2025 Occupy Forecast
84%
NMA Occupancy Target



Supply Risk: High Dependency Alert

Local Development: Yiwu Selection Launch

China's first African retail outlet opened August 29 at Waterfront Mall, featuring 20+ brands targeting female consumers with cosmetics, fashion, and household items. This strategic move reinforces China's commitment to deepening African trade ties.

STRATEGIC IMPERATIVES

Immediate Actions

- & Address Recession Perception   With 91% perceiving economic hardship, immediately implement value-focused pricing strategies, flexible payment options, and enhanced loyalty programs.
- & Optimize Digital-Physical Integration   Given 53.6% e-commerce penetration target, ensure seamless omnichannel experiences with efficient delivery and click-and-collect services.
- & Leverage Social Commerce   Capitalize on TikTok's influence among younger demographics through targeted campaigns and AI-powered price comparison tools.
- & Supply Chain Risk Management   Monitor global tariff developments affecting 22% of costs already passed to consumers. Diversify sourcing to mitigate future impacts.

Strategic Opportunities

- & Localization Advantage   89% of Kenyans favor local brands over international alternatives. Strategically localize product offerings, messaging, and supply chains for competitive advantage.
- & Sustainability Imperative   71% prioritize eco-friendly brands. Embed sustainability throughout operations to attract conscious consumers and enhance reputation.
- & AI Investment Focus   Deploy localized AI solutions for inventory management, customer service (Swahili-speaking chatbots), and operational efficiency.
- & Manufacturing Partnerships   Explore Chinese investment opportunities in manufacturing to enhance local production, reduce import dependence, and drive exports.

FORWARD OUTLOOK

September Key Events

- ECB Consumer Expectations Survey (Sept 26)
- Middle East Retail Forum, Dubai (Sept 3)
- NRF 2025 Europe, Paris (Sept 16-18)

Kenya Focus Areas

- Government infrastructure projects impacting retail accessibility
- Continued digital payment system developments
- Q3 earnings from major retailers

Intelligence provided by Pied Piper

Marketing Sources: Based on analysis of 40+ industry reports from ABSA, African Leadership Magazine, European Central Bank, Xinhua, Bureau of Market Research (UNISA), and other leading retail intelligence providers.