THE RETAIL TRADE ASSOCIATION OF KENYA

RETRAK Monthly Retail Intelligence Briefing - July 2025

EXECUTIVE SUMMARY - Month at a Glance

July 2025 has been a pivotal month for Kenyan retailers, marked by significant challenges and emerging strategic imperatives. Amidst this, Kenyan consumers are adopting a "frugal frequency" shopping approach, making more frequent, smaller trips to seek value. Globally, luxury sales are slowing, supply chains face ongoing geopolitical disruptions and tariffs, driving a renewed focus on resilience, digital transformation, and the continued rise of discount retail and social commerce.

GLOBAL RETAIL INTELLIGENCE

The global retail landscape in July 2025 is characterised by a mix of persistent economic pressures and accelerating technological shifts. The **luxury market is experiencing a slowdown** after two years of post-pandemic growth, with some high-end brands seeing declines. This economic uncertainty is, however, proving to be a **boon for discount-oriented retail formats**, which continue to outperform the market as consumers globally seek to stretch their savings. These discounters and warehouse clubs are projected for significant growth in 2025, partly due to robust private label strategies.

Supply chain resilience remains a top priority due to ongoing geopolitical tensions, such as the Red Sea disruptions, which have led to increased shipping costs (up to 300% on some routes) and transit times (7-10 days for Asia-Europe trade). Furthermore, **US tariffs, exceeding 25% on key retail categories** like toys, electronics, apparel, and footwear, are compressing profit margins and necessitating a re-evaluation of sourcing strategies. Retailers are increasingly diversifying suppliers and exploring near-shoring or re-shoring initiatives, with regions like Mexico, Vietnam, and India emerging as alternatives.

Technologically, **Artificial Intelligence (AI) is transforming retail operations**, with nearly half of all retailers expecting AI and automation to enhance efficiency and decision-making in 2025. Applications range from demand forecasting and customer service to product design. **Social media platforms are rapidly evolving into crucial retail channels**, with global "s-commerce" (social commerce) sales projected to grow three times faster than overall retail e-commerce, at a 21% compound annual growth rate from 2024 to 2029. Consumers are increasingly discovering and purchasing products directly through platforms like TikTok, reinforcing the need for brands to engage via influencer campaigns.

+254 (745) 786 191
admin@retrak.co.ke
www.retrak.co.ke
B3, South Wing, Ojijo Plaza, Plums Lane, Off Ojijo Road Nairobi, Kenya.

THE RETAIL TRADE ASSOCIATION OF KENYA

AFRICAN RETAIL DYNAMICS -- Continental Commerce: Africa's Retail Evolution

Africa's consumption market is quickly becoming one of the world's fastest-growing, fueled by a youthful population, accelerating urbanisation, and rising incomes. Consumer spending across the continent is projected to reach an impressive **$2.5 trillion by 2030**. The rise of **mega shopping malls** in countries like South Africa, Nigeria, Kenya, and Ghana is reshaping urban retail environments, acting as catalysts for economic growth and facilitating the expansion of global brands. Sandton City in South Africa stands out as a luxury shopping and business hub.

However, the African retail landscape faces significant challenges, including **intense competition from informal markets** that often offer lower prices, and inconsistent access to internet and modern payment solutions, particularly in rural areas. Addressing these issues requires continued investment in infrastructure, stable regulatory frameworks, and digital inclusion initiatives. Despite these challenges, there's a clear trend towards **quality being the primary driver of purchase decisions** across Fast-Moving Consumer Goods (FMCG) categories, even over price, as consumers prioritize trusted brands.

KENYA RETAIL FOCUS -- Home Market Intelligence

POLICY & REGULATORY UPDATE

The Kenyan government has actively restarted shaping the retail environment through various policies designed to ensure a transparent and competitive market. Key legislative instruments that have in the last 10 years touched on the Retail and Wholesale sector include the **Competition Act**, which aims to prevent anti-competitive practices, and the **Consumer Protection Act**, which safeguards consumer rights and ensures product and service quality. State Department is aligned on the importance of reviewing and completing the National Trade Policy as well as working with RETRAK to have the first Retail Strategy for the Country since independence.

Furthermore, the Central Bank of Kenya (CBK) is championing its **National Payments Strategy (NPS) 2022-2025** to enhance the security, speed, and universal accessibility of digital payments across the country.

+254 (745) 786 191
admin@retrak.co.ke
www.retrak.co.ke
B3, South Wing, Ojijo Plaza, Plums Lane, Off Ojijo Road Nairobi, Kenya.

THE RETAIL TRADE ASSOCIATION OF KENYA

MARKET PERFORMANCE METRICS

Kenyan retailers bore the brunt of recent youth-led protests in June and July 2025, incurring approximately **Sh2 billion in losses**. These losses were largely attributed to extensive stock losses and significant infrastructure destruction, making this year's impact significantly higher than previous demonstrations. The Central region had the highest number of impacted Retailers, both formal and informal. Even though there were Retailers who resumed operations immediately, there are some that may take awhile to reconstruct and reopen.

Consumer behavior data from Q1 2025 highlights a notable shift: **shopping frequency increased by 12% year-on-year**, but **spend per trip remained largely stagnant**, with unit prices dropping by 1.4%. This indicates a concerted effort by Kenyan consumers to manage their budgets through "frugal frequency".

DATA DASHBOARD -- Numbers That Matter

Key Metrics Table:

Metric	Data (July 2025 unless stated)
Retail losses from protests	Sh2 billion
Shopping frequency increase	12% year-on-year
Spend per trip change	Stagnant
Unit price drop	1.4%

ACTIONABLE INSIGHTS -- Strategic Imperatives: What to Do This Month

IMMEDIATE ACTIONS

Post-Protest Damage Assessment & Recovery: Immediately after the demonstrations, Retailers took to assessing the full extent of losses, distinguishing between stock loss and infrastructure damage, to inform recovery strategies and insurance claims. We have seen many of those affected, re open their stores. RETRAK is working with Members to support advocacy for **tax relief from the Kenya Revenue Authority (KRA)** to alleviate the financial burden.

Enhance Security & Business Continuity: Review and upgrade security protocols for physical outlets to deter looting and vandalism. Develop or refine robust business continuity plans to minimize disruption and accelerate recovery in the event of future civil unrest.

Adapt to Frugal Consumer Behavior: Adjust product assortments and promotional calendars to align with the "frugal frequency" trend. Focus on **value-for-money offerings, targeted discounts, and loyalty programs** that provide tangible savings to encourage purchases.

Embrace "Choose Better" Principles: Integrate and prominently highlight healthier, locally sourced, and sustainably packaged products, so as to meet evolving consumer demand and reinforce brand values.

STRATEGIC OPPORTUNITIES

Diversify Retail Formats: Explore expansion into **discount-oriented formats** or strengthen existing value propositions and private label offerings, capitalising on the global shift towards frugal consumer spending observed in both Kenya and internationally.

Accelerate Digital Transformation & Omnichannel: Invest in enhancing e-commerce platforms and integrating them seamlessly with physical stores. Focus on **AI-powered personalization, efficient inventory management, and faster delivery options** to meet rising customer expectations and improve operational efficiency.

Leverage Digital Payment Interoperability: Capitalize on the Central Bank of Kenya's National Payments Strategy, which promotes **seamless, real-time digital transactions** across different platforms. This can reduce cash reliance, lower transaction costs, and expand customer bases.

Explore Strategic Partnerships: Consider collaborations that can enhance supply chain resilience, such as diversifying sourcing countries beyond traditional regions affected by tariffs. Partnerships can also help penetrate underserved markets, as seen with Takealot's community hub model in South African townships.

FORWARD LOOK -- Next Month Preview

As we move into August, RETRAK members should closely monitor the opening of malls around Nairobi and its environs. Keep an eye on any further announcements from the **Central Bank of Kenya regarding the Fast Payment System (FPS)**, anticipated to launch in 2025, which will significantly impact digital payment flows. Continue to track consumer sentiment and spending patterns in the wake of recent protests and look out for Q3 earnings releases from major retailers and new industry reports that will provide deeper insights into market dynamics.

Brought to you by Pied Piper Marketing

+254 (745) 786 191
admin@retrak.co.ke
www.retrak.co.ke
B3, South Wing, Ojijo Plaza, Plums Lane, Off Ojijo Road Nairobi, Kenya.