retrak
THE RETAIL TRADE ASSOCIATION OF KENYA

Execution Over Experimentation

SECTION 1: EXECUTIVE SUMMARY
Month at a Glance

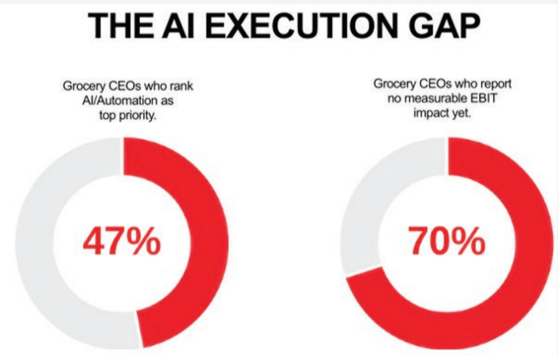
July 2026 opens on a retail landscape settling into low-growth stability, but under real profitability pressure. Consumer behaviour is maturing, yet escalating tension in the Middle East remains the biggest wildcard on the board, threatening higher energy prices and further supply chain disruption.

Globally, the industry conversation has moved past AI experimentation into AI execution, with agentic commerce beginning to reshape how consumers discover and buy. Sub-Saharan Africa's growth is expected to ease to 4% in 2026, as international conflict outweighs the gains from domestic reform. Kenya holds a cautiously optimistic position, with GDP growth forecast at 4.4%, though retailers face rising logistics costs and inflation creeping back up.

The month ahead will be won on operational discipline: unifying fragmented tech stacks and building consumer trust while the wider environment stays volatile.

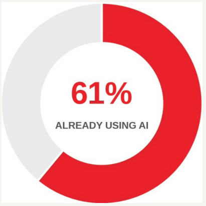
SECTION 2: GLOBAL RETAIL INTELLIGENCE

The Rise of Agentic Commerce



The defining story in global retail this month is what analysts are calling the AI execution gap. 47% of grocery CEOs now list AI and automation as a top priority, yet 70% report no measurable impact on EBIT so far. Adoption is outpacing return, and it's forcing a harder look at implementation.

EUROPEAN CONSUMERS USING AI TO DISCOVER AND EVALUATE PRODUCTS



ORGANIZATIONS WITH THE DATA QUALITY TO POWER ADVANCED MODELS

At the same time, consumer behaviour is shifting underneath that gap: 61% of European consumers already use AI to discover and evaluate products, an early signal of agentic commerce, where AI agents make purchasing decisions on a shopper's behalf. That model is projected to handle up to $5 trillion in global retail spend by 2030.

The centre of retail gravity is also moving east. At NRF APAC 2026, industry leaders were blunt about it: the future of retail is rising from Asia, powered by a huge base of digital natives and a fast-growing middle class. Agility is the advantage that matters most in these markets, with retailers building products quickly around cultural specifics or fast-moving trends, from pet ownership to biohacking.

In the West, some relief: Euro area inflation eased to 2.8% in June. But 91% of global companies are still restructuring their supply chains in response to what now looks like a permanent geopolitical shift, not a temporary one. And the AI ambitions above are running into a data problem: only 12% of organisations currently have the data quality needed to power advanced AI models properly.

SECTION 3: AFRICAN RETAIL DYNAMICS
Continental Commerce: Africa's Retail Evolution

E-COMMERCE SHARE OF TOTAL RETAIL IN AFRICA'S LEADING MARKETS

African retail has moved past the “potential” conversation and into execution. E-commerce has now crossed 10% of total retail sales in the continent's leading markets, turning digital channels from a side bet into a primary economic engine. The biggest operational shift this year is unified commerce: retailers abandoning fragmented legacy systems in favour of a single, cloud-based ERP, aimed squarely at cutting the burden of running multiple disconnected tech stacks.

Consolidation and foreign capital are accelerating that shift. A Gulf state energy major is nearing a $1 billion acquisition of a European oil company's South African fuel retail arm, a deal that would hand over immediate control of 600 stations. In West Africa, Nigeria's FMCG market, valued at $25 billion, has entered a phase where unit volume growth (8%) is outpacing value growth, as easing inflation puts real purchasing power back in consumers' hands.

The next frontier is the informal economy going digital. With over 95% of internet users on the continent accessing the web via mobile, the smartphone has become the primary point of sale for informal trade, a segment that now contributes close to 8% of Africa's GDP. Trust, faster delivery and easy returns are becoming the main weapons local retailers have against low-cost offshore e-commerce giants moving into the region.

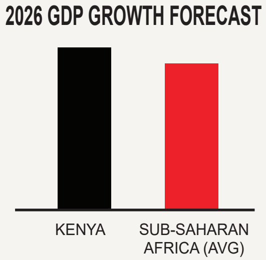
SECTION 4: KENYA RETAIL FOCUS
Kenya Retail Focus

4A: Policy and Regulatory Update

Regional trade friction is the headline this month. Ugandan manufacturers have formally protested Kenya's move to raise excise duty on imported sugar by over 300%, warning the decision risks damaging export industries and undoing years of East African trade integration. Domestically, telecom liberalisation continues, with Vodacom completing its stake purchase in Safaricom and reducing state ownership to 20%. Expect this to accelerate mobile-first retail innovation and digital payment infrastructure further.

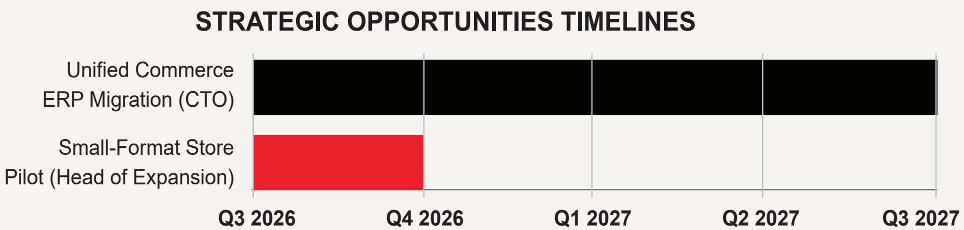
4B: Market Performance Metrics

The World Bank projects Kenya's economy will grow 4.4% in 2026, ahead of many commodity-exporting peers in the region. But as a non-oil-exporting economy, Kenya remains exposed to the Middle East conflict, which is pushing up fuel, fertiliser and transport costs. Headline inflation is also a live concern: disinflation across Sub-Saharan Africa has stalled, which likely means monetary policy stays tight for longer.



4C: Local Success Story

A useful template for Kenyan retailers is playing out in Ethiopia, where a major regional investment group has struck a franchise partnership with a global supermarket brand. The model rebrands existing supermarkets under an international franchise, opening export opportunities for coffee, tea and spices alongside the retail play. It's a structure worth watching: aligning domestic production with global trade standards while giving local consumers access to quality goods at competitive prices. Kenyan retailers looking to plug into international supply chains have a live case study next door.



SECTION 5: DATA DASHBOARD
Numbers That Matter - as of July 2, 2026

4.4% GDP Growth Forecast (Kenya)	**4.5%** SSA Inflation Rate (May)	**28.7%** Fuel Index Annual Increase	**61%** Cloud Adoption (Africa)	**R130bn+** E-commerce Turnover (South Africa)

The fuel index's 14.3% monthly jump is the number to watch most closely; it points to a difficult quarter ahead for anyone whose margins depend on logistics. Digital adoption remains the bright spot, as the shift to unified commerce starts to show up in real operational efficiency.

SECTION 6: ACTIONABLE INSIGHTS
What to do this month!

6A: Immediate Actions

01. Audit Supply Chain Exposure - Map exposure to Middle East shipping disruption now and reroute critical inventory before it becomes a stockout problem.
02. Rebuild Pricing Architecture - Use AI-assisted pricing to adjust in real time, with entry-price credibility as the priority for price-sensitive shoppers.
03. Secure Digital Infrastructure - With the average global data breach now costing $4.4 million, a cybersecurity audit belongs on the same priority list as cash flow.

6B: Strategic Opportunities

Owner	Action	Timeline	Success Metric
CTO	Migrate from omnichannel to unified commerce on a single cloud-based ERP	Q3 2026 - Q2 2027	20% reduction in operational IT fragmentation
Head of Expansion	Pilot small-format stores in high-density informal settlements and peri-urban residential estates where convenience wins	Immediate Pilot	15% increase in capture of informal economy spend

SECTION 7: FORWARD LOOK
Next Month Preview

Capitalise on the final two weeks of the FIFA World Cup 2026 spending surge in sports fashion and convenience foods before the tournament concludes on July 19. Looking into August, watch for Stats SA's reintroduction of insolvency statistics on July 21, alongside detailed construction industry reports that will signal how much retail space is coming onto the market. Entries for the 2026 RTIH Innovation Awards close in October, worth flagging early for any member considering a submission.