THE RETAIL TRADE ASSOCIATION OF KENYA

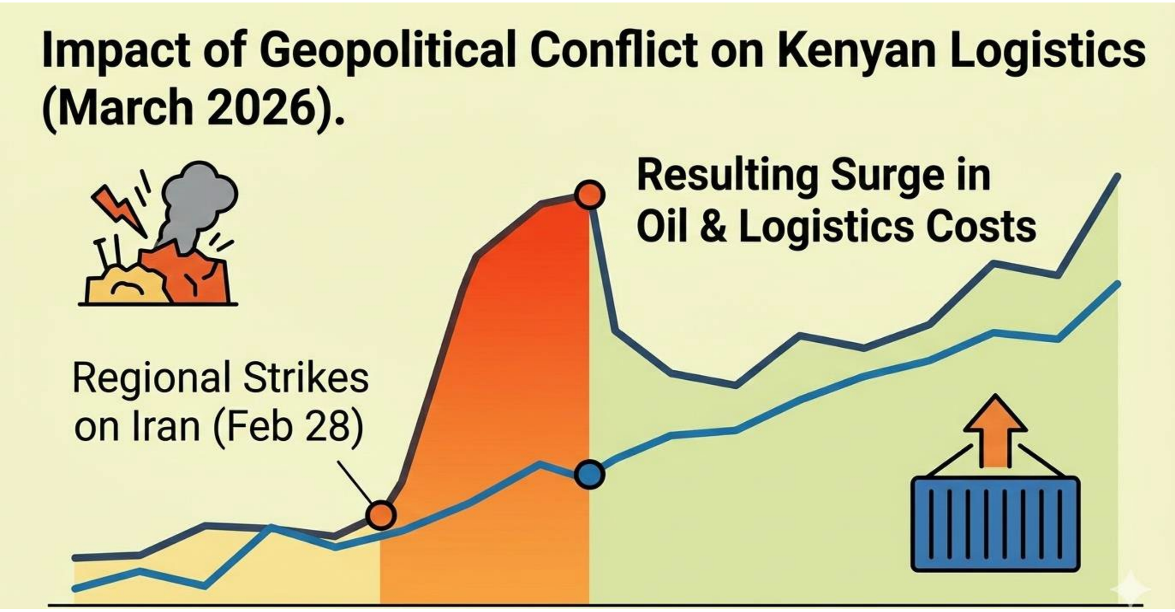
Issue No. 07

Monthly Retail Intelligence Briefing

An exclusive briefing for Retrak Members, March 2026

SECTION 1: EXECUTIVE SUMMARY: "Month at a Glance"

As of March 2026, the retail landscape is defined by a bifurcation between resilient emerging markets and softening mature economies. While global retail sales in the US and UK show signs of a slight slowdown, consumer confidence has unexpectedly improved, signaling a "soft landing" despite persistent inflation. Geopolitical tensions, specifically the American-Israeli strikes on Iran launched in late February, have ignited a sharp surge in gold and oil prices, adding immediate pressure to logistics and input costs for Kenyan retailers. Across Sub-Saharan Africa (SSA), the focus has shifted to operational efficiency as retailers move toward flexible, asset-light models. The formal entry of Amazon Leo (formerly Project Kuiper) into the Kenyan market highlights a leapfrog opportunity for rural digital commerce integration, potentially bypassing traditional infrastructure gaps.



SECTION 2: GLOBAL RETAIL INTELLIGENCE

The global outlook for 2026 is one of cautious stabilization. In mature markets, growth remains modest; US retail sales are forecast at 3.5%, while the UK and France are struggling with flat or near-flat volumes at 2% and 1.5% respectively. Despite this, US consumer confidence surged to 91.2 in February, driven by a sharp improvement in expectations for future income and business conditions.

A dominant global trend is the transformation of physical stores from mere points of sale into immersive destinations that offer sensory-rich experiences to forge deeper brand connections. Simultaneously, the "race to get tech right" has elevated AI and retail media to top-tier CEO priorities. Retailers are increasingly using agentic AI (autonomous systems that perceive environments and make real-time decisions) to improve commercial outcomes in pricing and assortment optimization. Furthermore, retail media is projected to become a major profit engine, with standardized performance metrics now allowing advertisers to reach consumers more effectively across diverse platforms. However, retailers face "legal whiplash" from shifting trade policies and tariffs, necessitating a move toward diversified production bases to avoid supply chain disruptions.

SECTION 3: AFRICAN RETAIL DYNAMICS: “Continental Commerce: Africa’s Retail Evolution”

Africa’s retail sector is entering a phase of intensified modernization and regional divergence. Real GDP growth for Sub-Saharan Africa is forecast to reach 4.2% in 2026, the strongest pace in over a decade, supported by bolstered private consumption. In South Africa, market leader Shoprite reported a 7.2% sales surge, outperforming the market by 2.3 times through aggressive store expansion and a focus on consumer affordability via internal deflation.

West Africa has opened 2026 with strong momentum, particularly in the FMCG segment, where brands are adapting to rising prices by offering smaller pack sizes and better-value packs. Carrefour is expanding its footprint into Ghana through a franchise-led model, taking over Shoprite’s former network as part of a broader "Plan 2026" to enter ten new countries. A critical logistical shift is the rapid adoption of electric two-wheelers for last-mile delivery, driven by the need to lower operating costs in an environment of volatile fuel prices and grid instability. However, retailers in regions like Botswana are pausing expansion due to slower-than-expected economic growth, emphasizing the need for diversified portfolios.

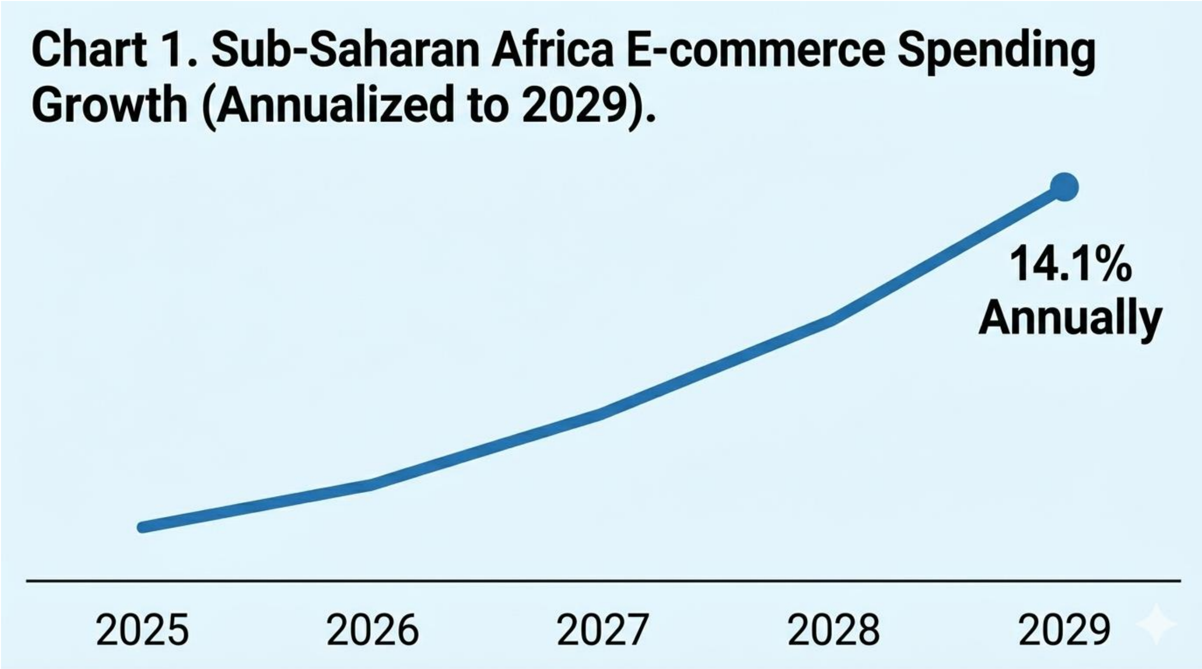
SECTION 4: KENYA RETAIL FOCUS: “Home Market Intelligence”

4A: POLICY & REGULATORY UPDATE

Kenyan retailers should anticipate a push for digital trade protocols similar to the newly entered EU-Singapore Digital Trade Agreement, which aims to make cross-border digital transactions easier and more predictable. As regional e-commerce expands, there is a growing need for robust consumer-finance regulation, especially for "Buy Now Pay Later" (BNPL) services to manage credit risk and prevent household over-indebtedness. Additionally, the broader "Butterfly Strategy" adopted by some regional peers suggests Kenya may focus on diversifying trade partnerships toward European and Asian markets to mitigate US trade volatility.

4B: MARKET PERFORMANCE METRICS

SSA e-commerce spending is projected to grow at 14.1% annually through 2029, as retailers increasingly expand into rural markets. Despite this digital growth, traditional trade remains dominant, though modern trade is gaining ground through organized large-scale formats. Consumer intent to focus on healthy and functional foods, such as protein-rich options, is rising, particularly among younger cohorts who are willing to pay a premium for "clean" food.



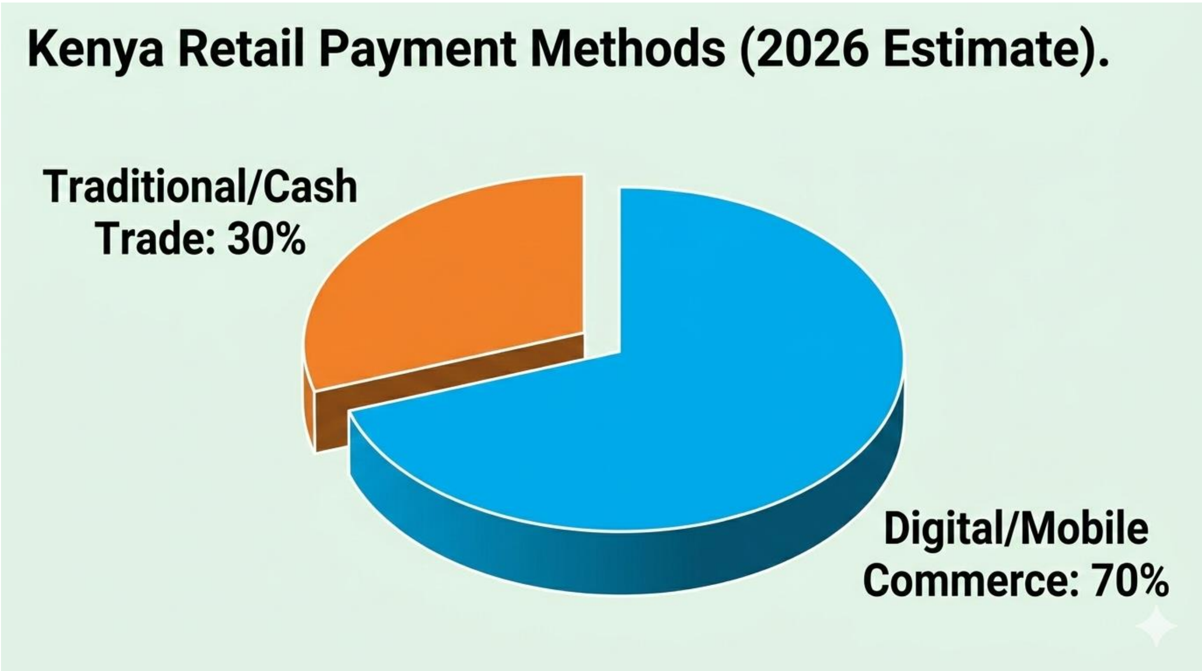
4C: LOCAL SUCCESS STORY

A pivotal development for March 2026 is the progression of talks between the Kenyan government and Amazon Leo officials to deploy low-Earth orbit (LEO) satellite internet across the country. Following its global rebranding in late 2025, Amazon Leo is positioning its Nano, Pro, and Ultra terminal hardware to provide high-speed connectivity to previously underserved rural areas. This infrastructure bet is set to revolutionize the digital market, complementing the recent gathering of over 500 media leaders in Nairobi for the African Media Festival, which highlighted the integration of Generative AI in commerce to drive hyper-local brand engagement.

SECTION 5: DATA DASHBOARD: “Numbers That Matter”

Metric	**Value / Trend**	**Retail Impact**
Currency (KES/USD)	**129.10** (Est. Spot)	**High Volatility:** The Shilling has faced "safe-haven" pressure following Middle East strikes; importers should hedge for 2–3% short-term depreciation.
Fuel Price (Nairobi)	**KES 184.52** (Petrol)	**Sticky Highs:** While EPRA held prices steady in mid-February, the current crude surge suggests a significant upward adjustment in the March 15th review.
Inflation (Kenya)	**4.3%** (Feb YoY)	**Positive:** Inflation hit a 7-month low in February, supporting consumer purchasing power for non-essential categories.

Metric	Value / Trend	Retail Impact
Digital Payments	**70% Adoption**	**Operational:** Mobile commerce is now the default; retailers lacking integrated M-Pesa/Bank API checkouts risk a 30% drop in conversion.
Prime Retail Rent	**Stable**	**Strategic:** High demand for flagship spots in Nairobi's "Global North" nodes (Westlands/Gigiri) versus oversupply in secondary malls.



SECTION 6: ACTIONABLE INSIGHTS: “Strategic Imperatives: What to Do This Week”

6A: IMMEDIATE ACTIONS

- **Audit Pricing for Energy Spikes:** With Brent crude volatile due to the Iran strikes, prepare for a potential 5–8% increase in local logistics surcharges.
- **Inventory Resilience:** Given the Amazon Leo infrastructure rollout, begin identifying rural "tier-3" towns for digital pilot programs that were previously offline.
- **Review Digital Security:** With increased data exchange, prioritize IT security to protect sensitive operational and customer data from rising cyber threats.

6B: STRATEGIC OPPORTUNITIES

- **Invest in Agentic AI:** Transition from pilot to scaled AI execution to enable hyper-personalized shopping experiences and anticipatory supply chains.
- **Micro-Fulfilment Pilot:** Explore urban micro-fulfilment centres to support same-day delivery and click-and-collect, reducing last-mile complexity.
- **Localize Sourcing:** Increase reliance on domestic manufacturers and white-label suppliers to buffer against unpredictable overseas sourcing costs.

SECTION 7: FORWARD LOOK: “Next Month Preview”

- **Policy Watch:** Monitor potential regional consultations on the realization of the Right to Development and safe environment frameworks.
- **Earnings Alert:** Watch for full interim results from Shoprite Holdings on March 3, 2026, to benchmark regional supermarket performance.
- **Industry Events:** BRC's Strategic Leadership Programme for senior executives commences this month, focusing on retail mastery for 2026.

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