

Kenya's grocery retail sector is a beacon of innovation and growth

By [Kerry Elliott](#)

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Kenya's grocery retail sector is among the most sophisticated on the continent. And by driving an exceptional shopper experience, it looks ready to take on the world.

With its strategic position on the Indian Ocean rim and its increasing access to the resource-rich countries of East Africa, Kenya has a growing reputation as the East Africa's marketplace, a rapidly modernising country with an expanding economy and a vibrant tech sector. But it's in the area of grocery retail that Kenya is really showing its potential.



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At 5.3%, Kenya's forecasted GDP growth for 2023 supports the country's economic prospects during an otherwise difficult period for consumers, with high inflation and drought putting the squeeze on households. As in other African countries, the youth are an increasingly powerful economic bloc, and it's on their choices and shopping patterns that the future of retail rests.

They're a particularly connected generation in an already wired country: there are more active mobile connections than people in Kenya, at 63.9 million connections for 54 million people.

"If there is anything that has had an enormous impact on the lives of Kenyans, then it is the smartphone. It has revolutionised everything. Education, health, banking, media, agriculture, transport, communication and e-commerce all depend on the ubiquities of the smartphone to impact lives," says Dr Lilian Wanzare, a computer science lecturer at Maseno University.

Technology has revolutionised daily interactions and transactions: since the launch of M-Pesa in 2007, the mobile currency has become the preferred way to make payments in Kenya, with 96% of Kenyan households holding an M-Pesa mobile money account.



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Food and grocery is one of the largest segments of the retail industry in Kenya, and it has been growing steadily: as the population urbanises, there is growing demand for the trappings of city life, including packaged foods and household items.

Several features distinguish Kenyan retail from other more traditional African markets – notably the supremacy of local product ranges, the proliferation of promotions, and an incredible shopping experience.



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Formal retailers offer dedicated butchery, bakery, pet care, pharmacy departments, some private label offerings, e-commerce and innovative marketing at retail, product testings, and in the case of recent pilot by Carrefour, self-serve checkout stations. “Retailers are putting in more effort to give customers a better shopping experience in order to retain and

maintain customer loyalty and make sure they go back to shop in-store again,” says Eric Kinoti, Senior Managing Partner of the Nineyard Consulting Group.

Good shoppertainment experiences

But Kenya is excelling at more than just the basics of 21st century retailing. “Kenyan retail offers some of the best shoppertainment experiences in the world,” says Kerry Elliot, a senior executive at leading retail research business Trade Intelligence. “Local retail chains have pursued world-class in-store execution in the form of revamps with new in-store lifestyle layouts and modern interiors.”

These add-ons come at a cost, but in a landscape where shoppers are increasingly demanding, and where competitors are offering similar value, the ‘wow factor’ is a necessary investment. “The wow factor can be the reason that shoppers choose one retailer over another; and typically, the lifestyle categories can be areas of value-added products or services which can provide enhanced margin opportunities,” says Elliot.



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The success with which Kenyan retailers meet the shopper need for experience is no happy accident of Kenya’s vibrant retail culture. This is where the pedal of the country’s digital development meets the metal of commerce. “Shoppers, farmers, brands, partners and collaborators are becoming more connected through data and insights,” explains Elliot. “As mobile tech matures, they are increasingly able to share and exchange insights or develop joint campaigns with the ultimate goal of meeting shoppers’ needs.”

Trade Intelligence has just published a report on the trends shaping the Kenyan retail sector and will be presenting key insights at the Kenyan Retailers Association (RETRAK) Forum on 17 October 2023 in Nairobi. For more information on Ti’s Kenyan retail intelligence reports, see [here](#).

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