

PRESS RELEASE

Majority of Retailers (47%) foresee promising potential and constant growth in the retail sector; with 32% projected expansion of new branches, 21% average projected expansion of new business activities, and 41% adoption of eCommerce Online stores... a new survey finds.

NAIROBI, Kenya, September 29th 2020... The coronavirus pandemic has upended the retail industry and pushed dozens of companies into bankruptcy. But retailers are optimistic of the future growth in the industry as there are still pockets of growth, with a number of retailers looking to open additional stores and business units as well as venture into eCommerce to complement existing brick and mortar stores

According to Retail Trade Association of Kenya (RETRAK) **Retail Industry Outlook Survey 2020: Trends, Challenges and Future Outlook**, the growth index in the next 12 months looks promising as a combined majority 47% of retailers foresee promising potential and constant growth with expansion of new branches is projected to be at 32% for different retail subsectors ranging from Green Groceries, Supermarkets, Mini-markets, Stationary stores, Fashion/Apparel stores, Pharmacies, Restaurants as well as Sports & Athletics Stores. Further, projected average growth of new business activities in retail stores is 21% with greater interest being in categories such as freshly cooked food 38% and In-store Bakery 25% as well as Mobile Electronics 21% and Grocery 20% among others.

Interestingly, as the new normal buying patterns are driving more and more traffic online, majority of retailers 41.18% plan to maintain the same number of stores but complement existing in-store with an online presence. The prevailing Covid-19 pandemic calls for retailers to meet changing consumer demand for online shopping. eCommerce adoption is therefore on the rise as out of 42.4% of retail businesses without an existing eCommerce store, majority 30.3% are currently implementing an eCommerce platform to reach consumers online consumers, while the remaining another 9.1% will adopt an ecommerce platform within the next 18 months. However, only 44% of the retail businesses find growth in the sector to have slowed down due to consumers selective spending and economic uncertainties.

Most notably, this being a year where COVID-19 crisis has presented the greatest challenges to businesses globally, most retailers 76.47% in Kenya cite low economic growth as their biggest challenge. This is brought about by low demand of high margin products as consumers' preference has changed to necessities, high inflation rates compounded by the changes in supply chain resulting from the crisis of Covid 19 experienced in the country. Another 61.76% of the respondents mentioned Government Regulation as second biggest challenge as evidenced by the

high number (18) of licenses and permits required by retail businesses. It's no wonder retailers feel the high number of licences and permits is a hindrance to growth and innovation of products with majority of the retailers 30.3% vouching for merging of the licenses while another 24.24% want single-window online service to be instituted for these licenses and permits.

“These findings convey the message that the current retail sector is growing despite the poor economic conditions, inflation and now compounded by Covid-19 pandemic, thus retailers are opening new stores to avoid industry shake-out. From the survey, we also noted that retail businesses are grappling with Human resource - staff retention and turnover - due to an undefined career path in retail sector, in addition to Corporate governance due to weak governance structures especially in family owned business. This makes it difficult to attract funding or get credit and when time becomes tough it can lead to collapse of businesses, hence the challenge of financial capacity in the sector. Furthermore, the sector regulations hinder growth and innovation of products and a single business permit merging many of the licenses combined with a single window application and auto renewal of licenses can make the process more cost efficient, timely and convenient,” explains Wambui Mbarire, Chief Executive RETRAK.

“From the findings, digital commerce is growing in retail sector given the demand for online sales; and with retailers struggling with customer retention, eCommerce could be the difference between surviving and going under. With such tough retail environment and the internet being a source of growth, retailers should leverage eCommerce, delivery units as well as big data to understand consumers better and generate more insights to improve business effectiveness and conversion rates, then adjust supply chain accordingly and IT providers such as CompuLynx offers such solutions,” explains Sailesh Savani Founder and CEO CompuLynx.

The survey by Retail Trade Association of Kenya (RETRAK) in partnership with CompuLynx, a leading integrator and retail software provider, shares insights from 91 Retailers spread across Kenya who are **Members of the Retail Trade Association of Kenya**.

RETRAK's **Retail Industry Outlook Survey 2020: Retail Trends, Challenges & Future Outlook**, which examines the top technological advancements in Security for merchandise protection and in Point of Sale (POS) priorities in the next 24 months, uncovered that only 11.76% use in store anti-theft systems which are more effective and instantaneous in alerting on theft than the foremost security gadgets CCTVs at 76.47%. Additionally, eCommerce integration leads the top three Point of Sale priorities for retailers in 2020 at 53.13%.

For more information on the full report, attend a media launch on 29th Tuesday, September 2020 at Naivas Supermarket, Westlands Branch at The Mall from 9.00 am – 11.am.

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About RETRAK

Retail Trade Association of Kenya (RETRAK) (www.retrak.co.ke) is a Business Membership Organization that serves as an umbrella body for the retail trade sector in Kenya. The Association prides in a growing membership of top retail chains representing upwards of up to 600 outlets in Kenya. The Association has influenced a number of policy and the development of a Code of Practice within the retail sector. The Association advocates for a better environment for business within the sector and a better regulatory framework on the part of government.

About Compulynx

Compulynx Limited (www.compulynx.com) is a systems integrator company providing software and hardware solutions for retail ERP and point of sale as well as digital identity solutions. The company has a 25 years' track record of providing innovative solutions to over 400+ organizations worldwide and have also successfully rolled out projects with COMPAS platform for prestigious projects for UN I Government and Financial Services Providers etc. for identity-based payments (aid) disbursement and its' utilization in 37+ countries.