



CAK DECISION ON THE PROPOSED ACQUISITION OF CONTROL OF QUICK MART LIMITED BY SOKONI RETAIL KENYA LIMITED

1. The Competition Authority of Kenya has approved the proposed **acquisition of 100% of the shares in Quick Mart Limited by Sokoni Retail Kenya Limited** unconditionally.
2. Sokoni Retail Kenya Limited (Sokoni), the acquirer, is owned by Adenia Partners of Mauritius. Adenia Partners is a private equity fund manager focused on investments in Sub-Saharan Africa.
3. On 11th October, 2018, Sokoni acquired Tumaini Self Service Limited (Tumaini), a retailer in Kenya involved in the business of self-service stores, retail supermarkets and wholesale distribution of all kinds of goods and services. Tumaini has 13 outlets located in Nairobi, Kiambu, Kajiado, and Kisumu counties.
4. Quick Mart Limited, the target, is a company incorporated in Kenya in 2006. Quick Mart is involved in the retail business, with 10 supermarket outlets located in Kiambu, Nairobi and Nakuru counties.
5. The proposed transaction involves the acquisition of 100% of the issued shares in Quick Mart by Sokoni. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No.12 of 2010.
6. The parties' combined and relevant turnover for the preceding year was **over Sh1 billion** and, therefore, the transaction met the threshold for full merger analysis as provided in the **Merger Threshold Guidelines**.
7. The acquirer, through Tumaini, and the target are involved in the retail operation of self-service stores, retail supermarkets and wholesale distribution of goods and services. Additionally, the acquirer, through its subsidiary ESS Equipment, is involved in the supply of earth movers used in the construction sector.
8. Based on the foregoing, the parties' activities overlap in the provision of self-service



stores, retail supermarkets and wholesale distribution of goods and services. For purposes of analysing the proposed transaction, the relevant product market was determined as the market for formal wholesale and retail distribution of consumer goods.

9. Tumaini has 13 outlets: Nairobi (8), Kiambu (1), Kajiado (1) and Kisumu (3). Quick Mart has 10 outlets situated in Nairobi (3), Kiambu (5) and Nakuru (2). The parties are both present in Nairobi and Kiambu. Therefore, the relevant geographical market is regional and specific to the two administrative units.
10. Kenya's retail sector is segregated into two; informal and formal markets. The majority of consumers (70%) in Kenya purchase their consumables from the informal sector, based on data from the Competition Authority of Kenya's Retail Sector Study conducted in 2017 and data firm Nielsen Holdings. However, most urban dwellers prefer shopping in the formal retail outlets.
11. Kenya's retail industry is made up of grocery stores, kiosks, shops and supermarkets. According to the Economic Survey 2019, supermarkets make up the largest quotient of this market, with over 300 operating across the country.
12. Some of the major retail brands operating supermarkets in Kenya; Tuskys, Naivas, Quick Mart, Choppies, Carrefour, Tumaini, Foodplus Chandarana, Cleanshelf, Mathai, Powerstar, Game, Eastmatt, and Shoprite, among others.
13. Tuskys and Naivas, the leading retailers in the sector, have branches/outlets in most of the major urban areas in Kenya. The two retailers operate over 100 branches across the country. However, a majority of them are located in Nairobi and its environs.
14. In Nairobi, the major supermarkets are; Tuskys, Naivas, Eastmatt, Quick Mart, Game, Carrefour, Tumaini, Choppies (formally Ukwala), Foodplus Chandarana, Cleanshelf, and Shoprite.
15. The merged entity will have 11 outlets in Nairobi, most of which are situated in areas that major market players have not aggressively invested in such as Eastern Bypass, Ruaka, Kikuyu, and Ruai. These locations have increasingly become populated owing

to the availability of land that is conducive for investment and settlement.

16. Tuskys and Naivas, the market leaders have 24 and 15 branches respectively in Nairobi. Chandarana, Carrefour and Choppies have 11, 6 and 4 branches respectively within the county. These retailers are heavily investing in the sector. It is therefore expected that the merged entity will experience competitive pressure from similar businesses operating within the county.
17. In Kiambu county, the main retailers are; Tuskys, Carrefour, Naivas, and Choppies. Post-merger, the merged entity will own 6 outlets in Kiambu. It is expected that these outlets will face competition from the other players in the market who operate similar businesses in the county and who have an average of three branches each in the county.
18. It is the Authority's view that, post-merger, the proposed transaction is unlikely to lead to a substantial lessening or prevention of competition in the market for formal wholesale and retail distribution of consumer goods in Nairobi and Kiambu. Additionally, compared to the main players, the merging parties are nascent businesses stage seeking to expand their footprint across the country.
19. Therefore, the proposed transaction is unlikely to lead to a substantial lessening or prevention of competition in the market for formal wholesale and retail distribution of consumer goods in Nairobi and Kiambu.
20. Additionally, the transaction is unlikely to lead to any negative public interest concerns.
21. Public interest concerns considerations during merger analysis include;
 - i. extent to which a proposed merger would impact employment opportunities;
 - ii. impact on competitiveness of small and medium enterprises (SMEs);
 - iii. impact on particular industries/sectors; and
 - iv. impact on the ability of national industries to compete in international markets.
22. Premised on the foregoing, the Competition Authority of Kenya approved the proposed **acquisition of 100% of the shares in Quick Mart Limited by Sokoni Retail Kenya Limited** unconditionally.