

THE ACQUISITION OF CONTROL OF TUMAINI SELF SERVICE LIMITED BY SOKONI RETAIL KENYA

1. The Competition Authority of Kenya (CAK) **approved** the acquisition of control of Tumaini Self Service Limited by Sokoni Retail Kenya Limited.
2. Sokoni Retail Kenya Limited (Sokoni), the acquirer, is newly incorporated for the purpose of this transaction while Tumaini Self Service Limited (Tumaini), the target undertaking, is incorporated in Kenya and operates retail stores in Nairobi, Kisumu and Kajiado.
3. The proposed transaction involves acquisition of over 50% of the shares of Tumaini by Sokoni Limited and therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No.12 of 2010.
4. The combined turnover of the parties is over **Ksh. 1 Billion for the preceding year (2017)** and, therefore, the transaction meets the threshold for full merger analysis as provided in the **Merger Threshold Guidelines**.
5. Upon considering the activities of the acquirer and the target, the **relevant product market** for the purpose of this transaction was regarded as the market for formal wholesale and retail distribution of consumer goods.
6. The acquirer has no outlets in Kenya while the target has retail outlets in Nairobi, Kisumu and Kajiado. Therefore, these three towns were treated as the relevant geographic markets for this transaction.
7. According to data firm Nielsen Holdings Inc., in a 2015 report titled *Africa; How to Navigate the Retail Distribution Labyrinth*, 30% of Kenyans conduct their shopping in formal retail outlets.
8. Formal retail outlets in Kenya are represented by major supermarkets which have branches/outlets in major urban areas across the country. Nairobi and its environs has the highest number of supermarket outlets.
9. In Nairobi, the major supermarkets are; Tuskys, Naivas, Eastmatt, Quickmatt, The Game Store, Choppies, Carrefour Hypermarket, Tumaini, Nakumatt, Foodplus Chandarana, Cleanshelf, , Mathai and Uchumi. In Kisumu, the target's main competitors are; Tuskys,

Choppies, Naivas, Khetia. Others players include, Kibuye Matt, Pramukh Stores, Kendeep Stores, Tawamaj and Minoki Store.

10. In Kajiado the major competitors are; Tusky's Supermarket, Naivas Supermarket, Chap Chap Matasia, Kwa Pastor Shop Grocery Store, DM Mini Supermarket, Kenbeef Butchers & Caterers Limited and Ronicematt Coffee Shop.
11. It is the Authority's view that post-merger, the market structure and concentration is not likely to change since only the target is currently present in the relevant markets.
12. Therefore, the proposed transaction is unlikely to raise competition concerns in Nairobi, Kisumu and Kajiado. Additionally, the merged entity will face competition from the aforementioned formal and informal players in Nairobi, Kisumu and Kajiado.
13. With regard to public interest issues, the proposed transaction is unlikely to spawn any negative public interest concerns since the transaction is an investment intended to grow the business.
14. Premised on the fact that the transaction is unlikely to raise negative competition or public interest concerns, the Authority approved the proposed acquisition of control in Tumaini Self Service Limited by Sokoni Retail Kenya Limited.

