



E-Commerce vs Traditional Retail: A Comparative Analysis

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This research essay is an exhaustive comparative study of conventional retail and e-commerce, discussing their downfalls and strengths, and how the nature of the global market is changing. The article is a summary of the dramatic transformation from the conventional store to web-based shopping on consumers' needs for convenience, range of products, and low prices, as well as the inherent limitations of e-commerce, like cybersecurity threats, high rates of return, and logistical challenges. Conversely, brick-and-mortar retailing faces declining footfalls, high bills, and stiff competition from web-based stores. The report also touches on the regulatory landscape that oversees the two industries, mentioning the specific regulatory issues of e-commerce, such as data privacy and cybercrime legislation. As things keep changing, omnichannel retailing—this hybrid model combining the two into one—is seemingly the way forward, bridging the gap between both worlds' best. By the analysis of changes in consumer behaviour, market trends, and technological innovation, this study determines that retail strategies to thrive will need to have a rapid response that unites digital convenience with personalisation through shopping in the bricks-and-mortar channel. The study reveals that the retail industry is heading towards a future where distinctions between physical and online commerce cease to exist, calling for innovative solutions and regulatory schemes that favour consumer protection and competitive equilibrium.

Keywords: e-commerce, conventional retail, omnichannel retailing, consumer behaviour, regulatory challenges.

INTRODUCTION

“From bustling markets to virtual carts, shopping has evolved dramatically.”¹

The retail industry has been comprehensively transformed by the expansion of e-commerce, supplanting the bricks-and-mortar models and redefining consumption patterns worldwide. The battle between e-commerce and physical retail is all about convenience, cost benefit, range of options from being presented to the consumers, and government policies. While e-commerce can't be beat in terms of convenience, global access, and cost thriftiness, traditional bricks-and-mortar retailing repays its dues in the senses-engaged shopping experience, immediate gratification, and human touch of direct contact with the merchant. Having both paradigms present on the scene raises the question of a changing retail landscape in an era of ever-more pervasive omnichannel and hybrid forms. Advances in artificial intelligence (AI), big data and data analytics, and electronic payment systems facilitated e-commerce expansion.

Growth is, however, plagued by challenges such as cybersecurity hacking, return rates, and intricate logistics. Declining foot traffic, high operational costs, and cutthroat competition from the virtual space threaten physical stores. Regulatory and legal systems also distinguish between the two modes, with physical retail being subject to the traditional laws of sales, licensing acts, and labour laws, and e-commerce being subject to electronic contract law, data protection acts, and cross-border taxation acts. The COVID-19 pandemic served as a push factor for the adoption of e-commerce, compelling physical stores to create their cyber presence. However, post-pandemic consumers are proven to come back in-store to shop, emphasising the necessity for a more balanced balance between retailing strategy. This research discusses the relative advantages and disadvantages of e-commerce compared to conventional retailing from the perspectives of market trends, the regulatory environment, contractual forms, tax policy, and the future.

Watching consumers' behaviour, technology uptake, and regulation, the report forecasts greater convergence of online and offline shopping, foreseeing a future for retail as frictionless, omnichannel purchasing that takes the best of both. Finally, the future of retail

¹ Ravi Kalakota and Andrew B. Whinston, *Electronic Commerce: A Manager's Guide* (Addison-Wesley 1996)

will be fueled by agility, innovation, and customer-centricity-led initiatives that will introduce sustainability into an otherwise digital but experiential space.

LITERATURE REVIEW

The e-commerce versus traditional retail debate has been extensively covered in academic and business literature, focusing on market trends, cost-effectiveness, technological advancements, and consumer behaviour. Studies indicate that e-commerce has gained a lot of steam due to the ease of shopping, wider product range, and better prices. Dave Chaffey identifies that the ease of shopping anywhere and customer reviews influence online buying behaviour. Philip Kotler and Kevin Lane Keller, however, state that traditional retail continues to play a role, especially for products that require physical inspection, are available on hand, and have one-on-one customer service.²

From a cost perspective, online companies typically have fewer operational expenses because they don't pay rent, utilities, and in-store labour. Kenneth C Laudon and Carol Guercio Traver explain that internet shops benefit from automation and streamlined supply chains but are also devastated by logistics problems, including transport costs and high rates of returns.

Michael Levy and Barton Weitz, however, say that traditional retailing companies have greater fixed costs but enjoy advantages like reduced rates of return and higher customer loyalty as a result of direct human contact.³

Technological advancements have also transformed the retail landscape, with AI-based suggestions, virtual try-on options, and individualised marketing significantly boosting e-commerce sales. Erik Brynjolfsson and Andrew McAfee point out that digital innovations enable online shops to tailor customers' experiences and predict buying behaviour well.⁴ Meanwhile, Peter C Verhoef and others discuss how traditional retailers are adopting digital

² Philip Kotler and Kevin Lane Keller, *Marketing Management* (15th edn, Pearson Education 2015)

³ Michael Levy and Barton A Weitz, *Retailing Management* (9th edn, McGraw-Hill Education 2020)

⁴ Andrew McAfee and Erik Brynjolfsson, *Machine, Platform, Crowd: Harnessing Our Digital Future* (W.W. Norton & Company 2017)

strategies such as omnichannel retailing, whereby physical stores connect with virtual spaces to create seamless shopping experiences.⁵

The COVID-19 pandemic has accelerated e-commerce growth because lockdowns and health concerns pushed consumers to digital platforms. Pandemic-era e-commerce sales skyrocketed across the world, as a UNCTAD report showed, forcing most brick-and-mortar retailers to grow their online presence. Deloitte analysis indicates a post-pandemic change in consumer behaviour, however, towards hybrid models under which physical stores supplement online shopping with in-store pickup and experiential shopping.

Generally, existing literature suggests that both online and offline retailing have their particular strengths and weaknesses. While there is saving and convenience in purchasing online, shopping in physical stores offers experiential shopping and instantaneous gratification. The future of retailing most likely comprises a hybrid model that combines the advantages of both methods, resulting in greater consumer satisfaction and business survivability.

LEGAL FRAMEWORK GOVERNING E-COMMERCE AND TRADITIONAL RETAIL

The legal framework governing e-commerce and traditional retail is established by a combination of contract law, consumer protection legislation, and industry-specific legislation. While cyber law, electronic contracts, and data protection legislation govern most e-commerce operations, traditional retail is governed by general sale of goods legislation, licensing legislation, and commercial legislation.

Legal Framework for E-commerce: E-commerce is governed by an advanced legal framework that includes international treaties, local legislation, and sector-specific regulations. The UNCITRAL Model Law on Electronic Commerce (1996)⁶ is an exemplary model for e-commerce, validating electronic contracts, digital signatures, and computerised transactions. Several nations, including the United States (through the Electronic Signatures in Global and National Commerce Act 2000 (E-SIGN Act) and the European Union (under

⁵ Peter C Verhoef et al., 'Consumer Experience Creation: Determinants, Dynamics and Management Strategies' (2009) 85(1) Journal of Retailing <<https://doi.org/10.1016/j.jretai.2008.11.001>> accessed 27 March 2025

⁶ UNCITRAL Model Law on Electronic Commerce 1996

Regulation (EU) No 910/2014, eIDAS Regulation), have adopted the same provisions to promote electronic commerce.⁷

Consumer protection law also plays a significant role in the control of e-commerce. In the UK, the Consumer Rights Act 2015 enshrines fundamental consumer protections online, such as the right to clear information, cancellation, and redress for faulty digital content. Similarly, the European Union Consumer Rights Directive (2011/83/EU) mandates a 14-day cooling-off period in distance contracts, allowing for purchases made over the internet to be cancelled by the consumer.⁸ In addition, data protection laws such as the General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679) impose on e-commerce platforms tight requirements to collect, process, and transmit personal data.⁹

Fraud control and cybersecurity are also critical in e-commerce law. The Computer Misuse Act 1990 (UK) criminalises accessing computer systems without permission, thereby protecting online shopping platforms against hacking and fraud. Furthermore, e-commerce businesses must comply with rules on payment security, such as the Payment Services Directive 2 (PSD2) (Directive (EU) 2015/2366), which enhances online payments' security through strong customer authentication.¹⁰

Indian Legal Perspective: India is developing its body of law for e-commerce systems following universally accepted principles while simultaneously performing its duty for consumer protection, privacy laws, and data protection.

The Information Technology Act 2000 establishes e-contracts and e-signatures and prohibits cybercrime, including hacking and identity theft.¹¹ The Consumer Protection (E-Commerce) Rules, 2020, are created under the Consumer Protection Act 2019, require online marketplaces to provide seller information, grievance redress process, and prohibit unfair trade practices.¹²

⁷ Electronic Signatures in Global and National Commerce Act 2000

⁸ Directive 2011/83/EU of the European Parliament and of the Council 2011

⁹ General Data Protection Regulation 2016

¹⁰ Directive (EU) 2015/2366 of the European Parliament and of the Council 2015

¹¹ Information Technology Act 2000

¹² Consumer Protection (E-Commerce) Rules 2020

India's Digital Personal Data Protection Act 2023 (not yet fully in force) will regulate consent-based data processing, as well as impose similar obligations (as the GDPR) on platforms that collect data in a private format on behalf of users. The Reserve Bank of India (RBI) has published guiding principles for secure card transactions, while CERT-In Guidelines 2022 will require e-commerce platforms to report on cyber incidents within 6 hours.¹³

Legal Framework for Traditional Retail: Traditional retailing is regulated by a vast array of legal provisions that ensure the protection of consumer rights, fair market transactions, and workers' welfare. Essentially, this sector is managed by laws related to the sale of goods, contract enforcement, commercial licenses, and labour conditions.

In the UK, the Sale of Goods Act 1979 is still an underlying principle of retail law. Although some of its provisions, as they relate to its consumers, are taken over by the Consumer Rights Act 2015, the Act still applies to business-to-business sales and requires the goods sold to be of satisfactory quality, fit for a specified purpose, and described by the seller.¹⁴ Replaced by the Consumer Protection Act 1987, strict liability is imposed on manufacturers and retailers for loss resulting from defective goods, fault being immaterial.¹⁵ British retail companies also have to deal with local law requiring the purchase of trading licenses and adherence to health and safety laws. The Competition Act 1998, which forbids anti-competitive conduct, price-fixing, exploitative monopolies, and other unfair trade practices, also envisions fair trade practices.¹⁶ The retailers are to comply with the Employment Rights Act 1996, safeguarding employment terms, employee rights, and contracts of employment, and the Health and Safety at Work etc. 1974 Act, which makes employers liable for providing safe working conditions.¹⁷

Under US law, retail trading falls under the Uniform Commercial Code (UCC), Article 2, which brings the law of sale of goods into operation in each state and adds uniformity and certainty to dealings.¹⁸ Collusive trading and monopolistic trading are dealt with on the federal level under the Sherman Antitrust Act 1890, which prohibits collusive agreements

¹³ Indian Computer Emergency Response Team (CERT-In), *Directions Relating to Information Security Practices, Procedures, Prevention, Response and Reporting of Cyber Incidents for Safe & Trusted Internet* (2022)

¹⁴ Sale of Goods Act 1979, ss 13

¹⁵ Consumer Protection Act 1987, s I

¹⁶ Competition Act 1998

¹⁷ Health and Safety at Work etc Act 1974, s 2

¹⁸ Uniform Commercial Code 1952, art 2

and monopolies.¹⁹ Compliance is required under labour law, as well, and under federal law and the Fair Labour Standards Act 1938 (FLSA), compulsory minimum wage, overtime, and child labour statutes exist.²⁰ Product liability for defective products under the USA would generally fall under state jurisdiction under tort law, and possible strict liability can extend to the retailer for any injury resulting from dangerous products.

Within the European Union, the outdated retail trade business companies are regulated by a series of directives that shield the consumer. The Consumer Sales and Guarantees Directive also renders consumer goods sold or put on the market to be following the contract, reasonably fit for the purpose and description.²¹ The Unfair Commercial Practices Directive also safeguards consumers against unfair commercial communications and aggressive commercial practices.²² Overall, the EU promotes competition in the market by Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU) against anti-competitive agreements and abuse of dominant position in the internal market.

India is also endowed with an institutionalised traditional system of retailing. The Sale of Goods Act 1930 is statutory law on sales of goods, i.e., passing of title, delivery, and implied conditions and warranties. Protection of consumers is also now regulated by the Consumer Protection Act 2019, e.g. product liability, unfair trade practices, and even involving such devices as mediation and e-filing for redress of consumer grievances.²³ Retailers are also governed by employment and labour law, e.g. Shops and Establishments Acts (State), Factories Act 1948, and Minimum Wages Act 1948, e.g., working hours, safety, and wages payable. The Competition Act 2002 governs Indian retail business competition and prohibits anti-competitive agreements, collusive tendering, bid rigging, and abuse of dominant position in the market.²⁴ Fire safety clearance and licensing policies govern retailing at the local level.

Generally, classical retail law in the jurisdiction country deals with the material security of commodities, consumer satisfaction, justice in competition, and the well-being of workers.

¹⁹ Sherman Antitrust Act 1890

²⁰ Fair Labor Standards Act 1938

²¹ Directive 1999/44/EC of the European Parliament and of the Council 1999

²² Directive 2005/29/EC of the European Parliament and of the Council 2005

²³ Consumer Protection Act 2019

²⁴ Competition Act 2002

Product-oriented, man-to-man-oriented, and material commercial behaviour-oriented classical retail law is subjected to technology-oriented law and protection against data, in contrast to e-commerce. Nonetheless, the common intrinsic goals of confidence, security, and fairness exist for both forms of retail.

Comparative Analysis and Future Legal Trends: Both traditional retailing and e-commerce are bound by general principles of law such as formation of contract, protection of consumers, and resolution of disputes. The electronic nature of e-commerce introduces advanced legal issues that come up only infrequently in traditional retailing. Traditional retailing is typically defined by physical exchanges in territorial areas with little complexity in terms of data, cybersecurity, or lawlessness across borders. At the same time, electronic commerce needs regulation in the contexts of electronic contracts, protection of personal data, and digital signatures. Laws such as India's Information Technology Act 2000 and the European Union's General Data Protection Regulation (GDPR) safeguard internet business from being done in ways that disregard the high levels of data privacy as well as consumers' consent.²⁵

Furthermore, electronic commerce by artificial intelligence (AI), by automated customer service, product recommendation according to personal preference, and price optimisation generates new legal questions of responsibility and discrimination. Blockchain and 'smart contracts' are also transforming e-commerce, facilitating automated, secure transactions, but posing the challenge of traditional ideas of consent and enforceability.²⁶

Cross-border buying has generated controversies in terms of jurisdictions and demands homogenised global legal standards. Conventional shopping with typically controversial issues suitable for national jurisprudence positions consumers and merchants in different nations under e-commerce. Such limitations demand that entities like the WTO and OECD come up with uniform legal demands on online businesses.²⁷

Some of the legal trends in the future include regulation of artificial intelligence, protection of consumers on the internet, utilisation of cryptocurrency, environmental regulations, and

²⁵ General Data Protection Regulation 2016

²⁶ UNCITRAL Model Law on Electronic Commerce 1996

²⁷ World Trade Organization, *E-commerce Work Programme: Overview of Developments* (2021)

resolution of disputes on the internet globally. These need a strong legal system that can cope with technological advancement but maintain fairness, transparency, and accountability. E-commerce, in contrast to its traditional counterpart, needs a constantly evolving legal setting in conjunction with international digital practice.²⁸

CONTRACTUAL OBLIGATIONS IN E-COMMERCE AND TRADITIONAL RETAIL

Contractual obligations in traditional retail and e-commerce differ in terms of contract formation, enforceability, and consumer protection. Traditional retail contracts rely on established principles of the law of contracts, but e-commerce raises issues regarding electronic contracts, jurisdiction, and online consumer protection.

Contract Formation in E-commerce: E-commerce agreements are controlled mostly by electronic agreement legislation and web authentication policies. Internet agreements typically fall under clickwrap agreements (where customers actively agree through clicking 'I agree') or browsewrap agreements (where customers browse but don't actively agree to terms). Judges judge browsewrap agreements adversely due to a lack of express assent, so their enforceability is uncertain.

As per the Electronic Communications Act 2000 (UK), electronic contracts are accorded legal status, and online transactions may be enforceable.²⁹ Similarly, Section 10-A of India's Information Technology Act 2000 states that electronic contracts shall be binding if they have been entered into by electronic means. Cross-border e-commerce contracts are also provided for by the United Nations Convention on the Use of Electronic Communications in International Contracts (2005).³⁰

Offer and acceptance are at the heart of e-commerce contracts and can be asynchronous because there is a delay in electronic communication. The postal rule, previously applicable to acceptance in contract law, is inapplicable in e-commerce because electronic communication happens instantaneously. Instead, the receipt rule is applied, whereby an acceptance is binding on receipt by the offeror.

²⁸ Organisation for Economic Co-operation and Development, *Digital Economy Outlook* (2020)

²⁹ Electronic Communications Act 2000

³⁰ United Nations Convention on the use of Electronic Communications in International Contracts 2005

Electronic signatures also play a significant role in e-commerce contracts. The eIDAS Regulation (EU) stipulates that digital signatures must be as effective as handwritten signatures in all the EU member states.³¹ Similarly, the Electronic Signatures in Global and National Commerce Act 2000 makes electronic agreements and electronic signatures enforceable in the US.³²

Jurisdiction and Contractual Fairness in E-Commerce: But internet contracts do pose jurisdiction-specific concerns. The courts in international e-commerce disputes claim jurisdiction based on the place of business of the seller, the domicile of the consumer, and jurisdiction clauses in terms and conditions of sites. The Brussels I Regulation (Recast) (EU) governs the jurisdictional scenario in the EU, making it consumer-friendly for dispute resolution.³³

Another legal concern is unilateral contract amendment by e-commerce websites. The majority of online service agreements include terms allowing firms to change conditions without notice. Courts have deemed such terms unenforceable when consumers are not provided with reasonable notice and an opportunity to opt out.

Contract Formation in Traditional Retail: Physical retail contracts follow the general principles of contract law, requiring an offer, acceptance, consideration, and intent to form a legal relationship. Unlike e-commerce, physical retail contracts are usually concluded at the time of sale, either orally or in writing.³⁴

One of the key rules of retail contract law is the rule of Parol evidence, under which extrinsic evidence may not be presented to contradict or change the terms of a written agreement except where fraud, mistake, or misrepresentation is proved.³⁵ This rule ensures that written contracts in the retail business are conclusive and binding.

Implied terms are also controlled over traditional consumer transactions by the Sale of Goods Law. Statutory conditions, including satisfactory quality, fitness for purpose, and compliance

³¹ Regulation (EU) No 910/2014 of the European Parliament and of the Council 2014

³² Electronic Signatures in Global and National Commerce Act 2000

³³ Regulation (EU) No 1215/2012 of the European Parliament and of the Council 2015

³⁴ *Carlill v Carbolic Smoke Ball Co* [1893] 1 QB 256 (CA)

³⁵ *Jacobs v Batavia & General Plantations Trust* [1924] 1 Ch 287

of goods with their description, are imposed by the Sale of Goods Act 1979 (UK).³⁶ Analogous protection is provided by the Uniform Commercial Code (UCC), Article 2 (US), controlling the retail contracts' sale of goods and warranties.

Consumer Rights and Enforceability: Online and offline retail contracts are subject to consumer protection law that ensures transactions are equitable. The Consumer Rights Act 2015 (UK) entitles consumers to rights to refunds, replacements, and fair contract terms.³⁷ In the context of online shopping, the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 give consumers a 14-day cooling-off period, during which they may cancel distance contracts without incurring costs.

On the other hand, ordinary retail purchasing does not usually entail a statutory cooling-off period, other than as may be prescribed by store policy or specific legislation (e.g., financial services contracts). Online and offline contracts, however, are both subject to unfair contract terms legislation, e.g., the Unfair Terms in Consumer Contracts Regulations 1999 (UK), which prohibits terms generating significant imbalances detrimental to consumers.³⁸

Comparative Analysis and Future Legal Trends: Whereas ancient retail contracts derive their power from long-settled legal provisions, e-contracts continue to get revised with newer advancements in the area of technology and globalisation. Legal concerns regarding cross-border disputes, safeguarding of data and privacy, and machine-made contracts drafted by artificial intelligence require periodic alteration of the legislation. Blockchain-based smart contracts and identity verification through the digital platform are likely to redefine contract enforcement mechanisms in both internet-based retail and traditional retail.

TAXATION AND COMPLIANCE ISSUES

Taxing e-commerce is a sensitive issue owing to the borderless global character of digital commerce, where companies find it easy to take advantage of tax havens and jurisdictional loopholes to avoid tax liabilities. Most multinational corporations indulge in profit-shifting practices like transfer pricing, treaty shopping, and artificial profit allocation to low-tax jurisdictions. To thwart such practices, the OECD's Base Erosion and Profit Shifting (BEPS)

³⁶ Sale of Goods Act 1979

³⁷ Consumer Rights Act 2015

³⁸ Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013

project introduced Pillar One and Pillar Two approaches to tax multinational enterprises, including digital economies, where economic activity occurs, and impose a 15% global minimum corporate tax rate.³⁹ Taxing digital services adds complexity in compliance due to the traditional corporate taxation reliance on physical presence, an element most e-commerce platforms do not possess. To address this, jurisdictions have introduced new taxation regimes, including the UK's Digital Services Tax Act 2020, imposing a 2% tax on digital platforms that derive revenue from UK users⁴⁰ and India's Equalisation Levy 2016, imposing a 6% tax on foreign firms' digital advertisement income.⁴¹ Likewise, the *South Dakota v Wayfair Inc.*,⁴² decision in the US permitted states to tax sales tax from out-of-state online retailers on an economic nexus basis, overturning the earlier *Quill Corp v North Dakota*.⁴³

E-commerce also faces jurisdictional taxation disputes, including in *Google Ireland Ltd v Revenue Commissioners*, where the Supreme Court of Ireland held that Google's advertising revenue was subject to Irish corporate tax even though it was derived from UK users.⁴⁴ E-commerce platforms are increasingly being put under an obligation to charge VAT on cross-border sales. The UK Finance Act 2021 requires online platforms such as eBay and Amazon to charge VAT on behalf of foreign sellers to avoid tax evasion.⁴⁵ The WTO Trade Facilitation Agreement in 2017 also facilitates smoother customs procedures for cross-border digital payments.

On the contrary, the traditional retail taxation has a well-established structure with value-added tax (VAT), goods and services tax (GST), corporate tax, and excise duties levied on sales. The UK's VAT is controlled by the Value Added Tax Act 1994, and firms with a more than £85,000 annual turnover are obligated to register and pay VAT.⁴⁶ Likewise, the Goods and Services Tax (GST) Act 2017 (India) charges multi-level GST rates depending on the nature of goods and services. Traditional retail taxation is simpler to adopt compared to e-commerce since purchases take place at a physical shop or store, and it is simple to make sure that all local business tax laws, payroll taxes, and licensure requirements are met. Retail

³⁹ OECD, *Base Erosion and Profit Shifting (BEPS) Final Report* (2021)

⁴⁰ Digital Services Tax Act 2020

⁴¹ Finance Act 2016, s 16

⁴² *South Dakota v Wayfair Inc* [2018] 138 S. Ct. 2080

⁴³ *Quill Corp v North Dakota* [1992] 504 US 298

⁴⁴ *Google Ireland Ltd v Revenue Commissioners* [2021] IESC 28 (Sup Ct Ireland)

⁴⁵ Finance Act 2021

⁴⁶ Value Added Tax Act 1994

companies also need to adhere to financial reporting guidelines under legislation like the Companies Act 2006 (UK) and the Internal Revenue Code (US), with stringent tax filing and audit specifications.

With the growing e-commerce, tax administrations are implementing automated tax collection systems, AI-based compliance systems, and blockchain-based transaction tracking to increase transparency and limit tax evasion. The future regulation of e-commerce under taxation will be influenced by the current legal battles under the law of taxing digital services, including the Google Ireland case. G20 and OECD countries continue to strengthen global tax standards, advocating equal taxation of digital firms while addressing the particular challenges posed by online shopping.

RETAIL E-COMMERCE MARKET SIZE & TRENDS

The global retail e-commerce market accounted for USD 5,858.04 billion in 2023 and is expected to attain a CAGR of 11.6% over the forecast period of 2024-2030. Increased usage of smartphones and the convenience of purchasing day-to-day products and luxury products from home are primarily driving the market. Furthermore, the presence of numerous choices, cheaper prices than offline stores, and technology-backed online fitting of fashion and accessories are also promoting growing retail e-commerce popularity globally. Additionally, the internet has transformed the retail landscape by widening retailers' reach from local to international markets, enabling businesses to achieve customer convenience and develop cross-border triumph.

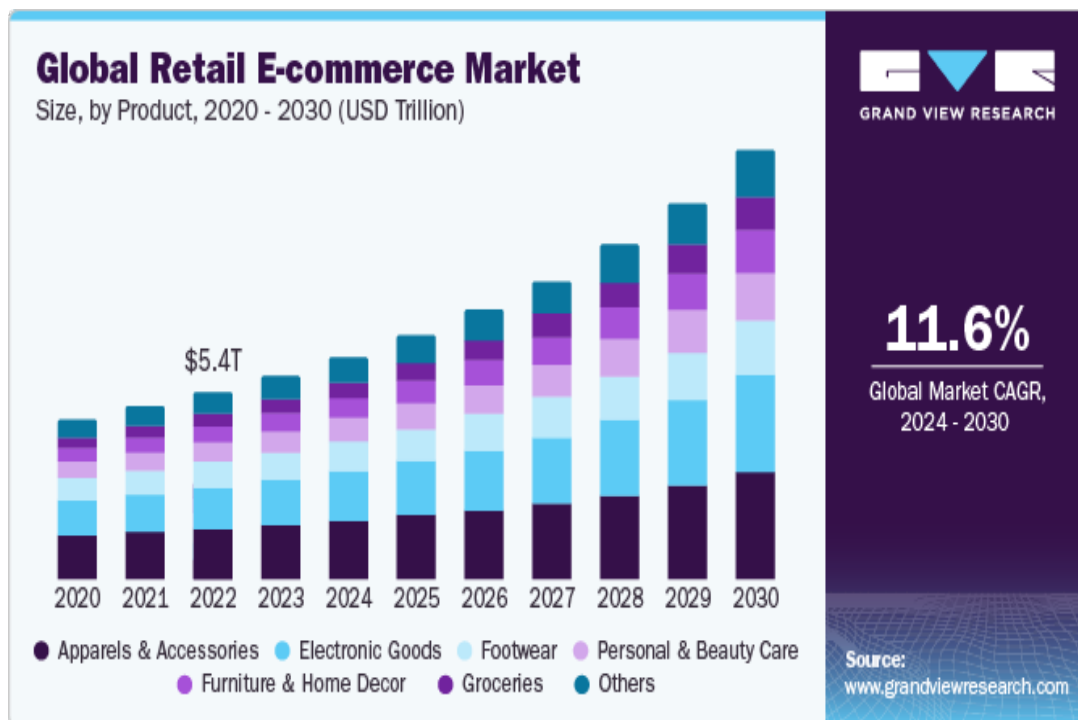
The e-tailing retailing is driven by several factors such as availability of a wide range of products from local and foreign markets, ease of shopping for products at home, simplified price comparisons, and word-of-mouth information in the form of other customers' opinions. Penetration of smartphones and the internet has also propelled online retailing. As per the GSMA report (2022), mobile technologies have contributed 5% to global GDP, and 55% of the world's population access mobile internet, where smartphones are also playing a part in fuelling growth in e-commerce.⁴⁷ Penetration of smartphones and growing consumer

⁴⁷ GSMA, *The Mobile Economy* (2022)

expenditures have increased access to online shopping, which has fuelled consumers' participation in the e-commerce sector.

Data privacy and cybersecurity issues continue to be a concern. E-commerce websites deal with huge volumes of sensitive information, including monetary transactions, personal data, and business data. It is therefore a favourite target of hacking, data theft, and cyberattacks, resulting in money loss to consumers and brand loss to companies. Companies are thus spending huge amounts of money on secure payment gateways, data encryption, and backup centres to reduce the security threats as well as generate consumer confidence. Major industry players like Alibaba, Amazon, Coupang, and Walmart are constantly innovating to stay ahead of the curve through strategic alliances, acquisitions, and technology advancements. In January 2024, Coupang bought Farfetch Holdings plc, buying \$500 million in capital to expand its global luxury retail business.

With the combination of enhanced logistics solutions and operational efficiencies, Coupang will provide improved service delivery for Farfetch's boutique partners and more than four million consumers worldwide, setting it up for long-term growth in the luxury e-commerce segment.⁴⁸



⁴⁸ Retail E-Commerce Market Size, Share, Growth Report (2020)

CHALLENGES AND OPPORTUNITIES IN E-COMMERCE AND TRADITIONAL RETAIL

Challenges in E-commerce -

Cybersecurity Risks: E-commerce sites face extreme cybersecurity threats, such as data breaches, identity theft, and payment fraud, that compromise consumer confidence and compliance with the law. The General Data Protection Regulation (GDPR) 2016/679 (EU) imposes stringent data protection requirements on online stores by requiring encryption, consent management, and breach notification procedures.⁴⁹ The UK Supreme Court considered group claims for misuse of data in *Lloyd v Google LLC*⁵⁰, confirming the need for explicit consent in online transactions. Likewise, the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011 (India) hold e-commerce operators responsible for poor data protection.⁵¹ Payment fraud, including unauthorised payments and chargebacks, falls under the Payment Services Directive 2 (PSD2) (EU), which requires strong customer authentication (SCA) for electronic transactions.

High Return Rates: E-commerce consumers bring high returns because of differences in product descriptions, faulty products, or changing tastes of the consumer. Customer law, like the Consumer Rights Act 2015 (UK), gives the consumer a 14-day cooling-off period for online purchases to ensure an unconditional right of return.⁵² The Consumer Protection (E-Commerce) Rules, 2020 (India) also ensure that online platforms have open return and refund policies. In *Dennis v Norwegian Cruise Line Ltd*, the court established the need for transparent contractual terms for distance selling concerning consumer awareness of e-commerce sales.⁵³

Logistics Complexities: Supply chain disruption management, last-mile delivery issues, and international shipping regulations are all major concerns for e-commerce companies. Different jurisdictions have different import regulations and customs duties, so there is a

⁴⁹ General Data Protection Regulation 2016

⁵⁰ *Lloyd v Google LLC* [2021] UKSC 50

⁵¹ Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules 2011

⁵² Consumer Rights Act 2015

⁵³ *Dennis v Norwegian Cruise Line Ltd* [2006] EWCA Civ 730

need to comply with agreements like the WTO Trade Facilitation Agreement (2017). Worldwide e-commerce trade liability is covered by the Carrier Liability Convention (Montreal Convention 1999).⁵⁴ The UK Distance Selling Regulations 2000 also place delivery time obligations on e-commerce retailers to fulfil customer orders within a specified time.

Challenges of Traditional Retailing -

Decreasing Foot Traffic: Retailers are hit by fewer visits to stores as consumers increasingly choose to shop online. The COVID-19 pandemic hastened this trend, resulting in shop closures and insolvency applications under insolvency law, e.g., the Corporate Insolvency and Governance Act 2020 (UK). In *Debenhams Retail Ltd* (2020), the High Court applied administrators' powers to put an end to leases during financial hardship, which highlighted the legal difficulties for bricks-and-mortar stores.⁵⁵

High Operating Costs: Retailers incur heavy costs in rent, wages, and inventory management that strain sustainability for the retail sector, particularly for small retailers. Commercial leases are regulated by legislation such as the Landlord and Tenant Act 1954 (UK), which protects tenant rights in the renewal of leases. Labour legislation like the Fair Labour Standards Act (FLSA) (US) also regulates minimum wages and working conditions, which affect the profitability of retail.⁵⁶

Competition from Internet-Based Retailers: Traditional retailing players have to contend with price transparency, convenience, and variety of products through e-commerce paradigms. Predatory pricing and abuse are controlled through competition legislation like the Competition Act 1998 (UK) and the Competition Act 2002 (India). *Amazon EU Srl v Autorità Garante della Concorrenza e del Mercato* (2021) EU Commission Decision involved self-preferencing and e-retailing dominance using digital platforms.⁵⁷

Opportunities of Both Models -

Omnichannel Retailing: Omnichannel retailing puts together online and offline shopping in a manner that delivers an overall customer experience that is aggregated by channels such

⁵⁴ Montreal Convention 1999

⁵⁵ Landlord and Tenant Act 1954

⁵⁶ Competition Act 1998 (UK); Competition Act 2002

⁵⁷ Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013

as click-and-collect, AR shopping, and shared inventories. It levels up convenience and captures changing buying expectations. Legally, the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013 (UK) resolve cross-platform trading obligations to ensure consumers receive equivalent information and entitlements.⁵⁸ In *Tesco Stores Ltd v Competition Commission* [2009] CAT 6, the tribunal acknowledged the increasing significance of hybrid types of retail and retained regulatory authorities to ensure reasonable competition.⁵⁹

Artificial Intelligence and Big Data for Personalised Marketing: More businesses today employ artificial intelligence (AI) and big data analysis for improved customer experience, inventory management, and fraud prevention. Nevertheless, data-driven advertising falls under GDPR (EU) and California Consumer Privacy Act (CCPA) 2018 (US) protection, for consumer data profiling and harvesting. The *Facebook v Data Protection Commissioner* [2020] CJEU C-311/18 (Schrems II case) set high controls on cross-border data transfers, affecting global online purchasing platforms.⁶⁰

Sustainable Retail Practices: The growth of green retailing has triggered greater regulatory concern with reducing carbon footprints, ethical sourcing, and reducing waste. The UK Modern Slavery Act 2015 obliges retailers to report supply chain transparency policies, and the Paris Agreement (2015) encourages climate-sensitive business practices. In *R (ClientEarth) v Secretary of State for Business, Energy and Industrial Strategy*, the court made a ruling on corporate environmental responsibilities, reaffirming the significance of sustainability in contemporary retail.⁶¹

CONCLUSION

Retailing in the present is at the crossroads of history where traditional and internet paradigms are not competing but co-evolving to a shared, hybrid destiny. This analysis demonstrates that the best retailing practices blend the strengths of both platforms—leveraging the convenience and ubiquity of the internet for the trust, tempo, and customisation of the physical store.

⁵⁸ *Ibid*

⁵⁹ *Tesco Stores Ltd v Competition Commission* [2009] CAT 6

⁶⁰ *Facebook v Data Protection Commissioner* [2020] CJEU C-311/18

⁶¹ *R (ClientEarth) v Secretary of State for Business, Energy and Industrial Strategy* [2022] EWHC 1841

Legally, the disparity in compliance regimes is staggering. Techno-law like GDPR, CCPA, E-SIGN Act, and eIDAS govern e-commerce, whereas traditional legislation like the Sale of Goods Act and the UCC continue to govern bricks-and-mortar retailing, along with property, safety, and labour legislation. Decisions by courts like *South Dakota v Wayfair* and *Lloyd v Google LLC* illustrate how courts have been adapting traditional principles of law to fit the new digital world.⁶²

Post-COVID consumer behaviour evinces a categorical preference for hybrid shopping, fuelling omnichannel retail growth, with online and offline seamlessly merging in harmony.⁶³ E-commerce is taking a ride on AI, AR, and blockchain technologies to personalise and optimise, with physical retail adopting IoT-based frameworks and cashier-less checkout spaces. These technologies have new issues of data privacy, algorithmic transparency, and substitution that demand robust regulation and ethical guidance.

Financially, the two models are also trade-offs: e-commerce is low fixed but high logistics and return cost, while traditional retail is infrastructure cost but brand immersion and a low return rate. Convergence rather than competition is signalled through online brands going offline and vice versa.

In the future, social commerce, voice shopping, and sustainability-driven circular models will redefine how people shop. Offline-online boundaries will disappear as genuinely omnichannel strategies become the norm. For businesses and regulators alike, success will rest on creating nimble, customer-focused systems that marry technology with human empathy, and scalability with local acuity.

The future of retail is not digital, nor is it physical – it is both, and its pioneers will be those who best reconcile it.

⁶² *Lloyd v Google LLC* [2021] 3 WLR 1268

⁶³ GSMA (n 47)