

# Friends, Family, and the Flat World: The Geography of Crowdfunding\*

Ajay Agrawal, Christian Catalini, Avi Goldfarb  
University of Toronto

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## Abstract

The internet facilitates instant and inexpensive communication across large distances. Perhaps the most striking feature of online “crowdfunding” is the broad geographic dispersion of investors in small, early-stage projects. This contrasts with existing theories that predict entrepreneurs and investors will be co-located due to distance-sensitive costs. We examine a crowdfunding setting that connects artist-entrepreneurs with investors over the internet for financing musical projects. The average distance between artists and investors is about 5,000 km, suggesting a reduced role for spatial proximity. Still, distance does play a role. Within a single round of financing, local investors invest relatively early, and they appear less responsive to decisions by other investors. We show this geography effect is driven by investors who likely have a personal connection with the artist-entrepreneur (“family and friends”). Although the online platform seems to eliminate most distance-related economic frictions such as monitoring progress, providing input, and gathering information, it does not eliminate social-related frictions.

**JEL Classifications:** R12, Z11, L17, G21, G24

**Keywords:** Entrepreneurial finance, crowdfunding, internet, family and friends, local bias, social networks.

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# 1 Introduction

The internet facilitates instant and inexpensive communication across large distances. In many ways, online platforms can help people overcome offline frictions that inhibit market transactions. In this paper we explore which of these frictions are overcome at an online crowdfunding platform. Perhaps the most striking characteristic of crowdfunding is the geographic dispersion of investors. For example, in our data from a crowdfunding website that facilitates investments in early-stage musicians seeking financing, we find a mean distance between artist-entrepreneur and investor of approximately 5,000 km.

Although distant investors are common for publicly traded companies, theory predicts that investors in early stage entrepreneurial ventures will tend to be local. That is because gathering information, monitoring progress, and providing input are particularly important for investors in early stage ventures and the costs of these activities are sensitive to distance. Most empirical evidence to date supports these claims (Tribus 1970, Florida and Kenney 1988, Florida and Smith 1993, Lerner 1995, Sorenson and Stuart 2001, Powell, Koput, Bowie, and Smith-Doerr 2002, Zook 2002, Mason 2007).

Specifically, Sorenson and Stuart (2005) report that the average distance between lead VC and target firm is approximately 70 miles. Similarly, Sohl (1999) and Wong (2002) report that angel investors locate close to the entrepreneurs they finance (more than 50% are within half a day of travel).

The geographic dispersion of investment evident in our data implies that crowdfunding in our setting largely overcomes the distance-related economic frictions usually associated with financing entrepreneurial ventures. That is not because the artist-entrepreneurs seeking financing on this site are not early stage. To the contrary, they are unsigned artists seeking capital to record their first album. Most are young, have limited reputations as artists or entrepreneurs, and appear to have minimal resources.

Instead, it appears that the online platform provides an environment purposely designed for early stage artist-entrepreneurs where they can showcase prototypes of their music, present a business plan outlining how they will spend their funds, and directly pitch their project to a community

of online investors. In this way, and consistent with prior research in retail and advertising that examines how the online setting allows people to overcome offline barriers to market transactions (Choi and Bell 2010, Brynjolfsson, Hu, and Rahman 2009, Goldfarb and Tucker 2010), the platform can help reduce market frictions associated with geographic distance.

Although the role of geography appears to be greatly diminished in our data when we consider aggregate investment at the end of the funding process, an important distinction between local and distant investors comes into sharp relief when we examine investment patterns over time within a single round of financing. We employ a difference-in-difference-like approach to compare first the difference between local and distant investors in terms of their propensity to invest in a given period and then how this difference changes with the publicly visible investment decisions of others. We find that the timing of distant, but not local, investments is very responsive to the investment decisions of others.

Why might local investors differ so greatly from distant investors in their responsiveness to the investment decisions of others? The entrepreneurial finance literature makes frequent reference to the role of family and friends (F&F) as an important source of capital for early stage ventures.<sup>1</sup> Parker (2009) reports that 31% of start-ups' funds come from family and friends. Researchers have emphasized family and friends' informational advantages concerning the quality of the entrepreneur. For example, Cumming and Johan (2009) assert that "Apart from the founding entrepreneur's savings, family and friends [...] are a common source of capital for earliest-stage entrepreneurial firms. An entrepreneur without a track record typically has an easier time raising this type of capital because these investors will have known the entrepreneur for a long time. In other words, information asymmetries faced by [family and friends] are lower than those faced by other sources of capital." Given the local nature of social networks (Hampton and Wellman 2002), these family and friends are disproportionately likely to be local.

We code each investor-artist pair with an indicator variable for "family and friends" (F&F) based on particular behavioral traits they exhibit on the website (and check robustness using information

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<sup>1</sup>Despite the acknowledged importance of F&F, there are surprisingly few empirical studies focussed on this form of investment, likely owing to a paucity of data. However, as Cumming and Johan (2009) note, "Recent efforts spurred by the Kaufmann Foundation have begun to fill this gap, but there is significant work to be done in gathering systematic data."

from 18 artists who specifically identified their friends and family among their investors). We find that F&F are disproportionately co-located with the artists they invest in, although, importantly, there are also many local investors who are not F&F and many F&F investors who are distant. We then apply another “difference” to our empirical analysis, comparing how the effect of other investors’ investment decisions on the propensity to invest in a given period is mediated by distance after controlling for F&F. The distance effect disappears.

We interpret this result as implying that the crowdfunding platform eliminates most distance-related economic frictions normally associated with financing early stage projects, such as acquiring information (e.g., local reputation, stage presence), monitoring progress, and providing input.<sup>2</sup> However, it does not eliminate frictions associated with the type of information about the artist-entrepreneur that is more likely to be held by personally connected individuals. This interpretation emphasizing the importance of interpersonal relations in entrepreneurial finance is consistent with the findings of Nanda and Khanna (2010), who report that cross-border social networks play a particularly key role when access to capital is especially difficult.

Finally, we examine which types of information personally connected individuals appear to use. Our results suggest that search costs likely explain much of the difference between F&F investors and other investors. Specifically, the difference is primarily driven by the first investment made. We see little difference between the timing of investments made after the first. Of the various types of information that F&F have (e.g., knowledge of the artist’s underlying quality, tendency to persevere, recover from setbacks, succeed in other endeavors), this suggests that simple knowledge of the artist matters a great deal. Non-F&F investors need to rely on the search engine and recommendation systems provided by the crowdfunding platform; in contrast, F&F investors do not face these search costs. Because search can be cumbersome, even online (Lynch and Ariely 2000, Smith and Brynjolfsson 2001, Baye, Morgan, and Scholten 2006), F&F investors behave differently because they are not guided in the same way by the recommendation engines (Fleder and Hosanagar 2009).

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<sup>2</sup>In the following section we point out that although “investors” on crowd-funding sites may have philanthropic or other utility-seeking motivations that are not strictly pecuniary, they are still faced with allocating scarce resources and, as the literature on philanthropy suggests, are influenced by similar transaction costs.

These results lead us to speculate that there may be path dependency in the process of accessing distant investors online. To the extent that distant investors disproportionately rely on information revealed in the investment decisions of others, friends and family might play an important role in making early investments that generate that information. Conti, Thursby, and Rothaermel (2010) argue that investments by family and friends can signal the entrepreneurial commitment to the venture. If true in the crowdfunding setting, this would imply a limitation to the “equal access for all” potential of the internet. Communications technologies enable entrepreneurs from anywhere to access capital globally, but in reality only those entrepreneurs with a sufficient base of offline support may be able to do so.

Although crowdfunding is presently small in terms of overall economic activity, it is growing in both the variety of sectors to which is applied (e.g., music, sports, video games, education, retail) and the overall value of transactions (Lawton and Marom 2010). Crowdfunding systems enable users to make investments in various types of projects and ventures, often in small amounts, outside of a regulated exchange, using online social media platforms that facilitate direct interaction between investors as well as with the individual(s) raising funds. To our knowledge this is the first empirical examination of the geography of crowdfunding. In our discussion, we build on several papers that have documented the importance of herding in crowdfunding settings mostly using data from Prosper.com, including Zhang and Liu (2010) and Freedman and Jin (2010). Furthermore Freedman and Jin (2010) and Lin, Prabhala, and Viswanathan (2009) both document the important role of *online* social groups in online lending. Broadly, these papers are complementary to our examination of how herding-like behavior differs by offline social proximity.

## 2 Empirical Setting

### 2.1 Sellaband

Sellaband is an Amsterdam-based, online platform that enables unsigned musicians to raise financing to produce an album. Launched on August 15, 2006, it was one of the first mainstream websites of its kind and has been referred to as the “granddaddy of crowdfunding” (Kappel 2009). At the

time of our data, the Sellaband website worked as follows:<sup>3</sup>

Musical artists set up a profile page on Sellaband, at no charge, where they include a photo, bio, links, blog postings, and up to three demo songs.<sup>4</sup> Investors search the website, learn about artist-entrepreneurs, listen to their demos and, if they choose, buy one or more shares in an artist's future album at \$10 per share. Investors see information posted by the artist as well as how much financing the artist has raised to date. Figure 1 provides a picture of a typical artist profile. Funds raised are held in escrow and may not be accessed until the artist has sold 5,000 shares (raising \$50,000). Upon raising \$50,000, the artist may spend those funds according to a plan they develop that is approved by Sellaband to record their album. As they incur expenses, they send vendor invoices to Sellaband for payment. After the album is completed, the revenues from album sales are split equally three ways between the artist, investors, and Sellaband. Investors also receive a compact disc (CD). During our period of observation, approximately three years, 34 artists raised the full \$50,000.

The individuals and groups posting their music on Sellaband are typically early-stage artists who have never signed a contract with a record label, recorded a professional album, or performed live outside of local pubs or cafes. At this stage of their careers, their income from live shows and music sales is negligible. In other words, these individuals face many of the same financing challenges and constraints as entrepreneurs in many other settings. Artists on Sellaband use it to raise capital to finance the recording of an album. They market themselves, develop a budget, create a plan for promoting their product, and raise financing. Sellaband therefore provides a platform for artists to engage in entrepreneurial activities with a community of investors. For these reasons, we sometimes refer to them as “artist-entrepreneurs”.

Similarly, in describing our results we refer to the people providing funds as “investors”. Of course, many of these investors may also have philanthropic or other utility seeking motivations.

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<sup>3</sup>The website has changed substantially since September 2009, reducing the focus on early-stage artists, limiting the ability to receive a monetary return, and allowing more flexibility to artists in the amount they can raise and how they can use their funds.

<sup>4</sup>A “demo,” short for “demonstration recording,” is an informal recording made solely for the purpose of pitching a song rather than for release. It is effectively a prototype of the song that they plan to later record professionally. It is a way for musicians to approximate their ideas and convey them to record labels, producers, or other artists (Passman 2009).

Some crowdfunding platforms are explicitly designed with philanthropic intentions. For example, Kiva, a platform which focuses on lending to entrepreneurs in developing countries, does not allow lenders to charge interest and thus provides no mechanism for earning a return on their capital. Galak, Small, and Stephen (2011) document that crowdfunding on Kiva is a hybrid decision, with both financial and charitable aspects. On Sellaband, a platform designed to accommodate profit-seeking investment motivations by way of a revenue sharing agreement that is tied to the level of investment, individuals may also be motivated by non-pecuniary returns such as utility from being philanthropic to help artists achieve their goals. However, even philanthropically-motivated individuals must allocate scarce resources. While they may not be focused on a pecuniary return on investment, they are focused on some type of return on their investment and therefore are motivated to select wisely amongst many projects competing for their donations. As Stanley Katz states in his Handbook chapter on philanthropy in the arts (Katz 2006), philanthropic initiatives are increasingly “demanding short-term, measurable deliverables contracted up-front with grantees, and holding grantees strictly accountable for what they do and do not do (Porter and Kramer (1999); Rimel (1999)). At the “venture” end of the new philanthropy, the entrepreneurial techniques of venture capital are being applied (Letts, Ryan, and Grossman (1997)). Donees are analogized to start-up firms, donors partner with them, establishing specific and measurable benchmarks, and continuing their investments only if periodic goals are met” (page 1311). Sellaband artist-entrepreneurs compete for investors. They pitch their projects and enter into contracts that commit them to sharing their revenue with investors. In summary, even individuals who commit funds to projects for non-pecuniary reasons are likely to be sensitive to the types of costs that traditionally favor financial transactions between co-located individuals. As such, we refer to individuals who participate in crowdfunding as investors throughout the paper, keeping in mind that they may not be motivated by purely pecuniary returns on their investment.

## **2.2 Data**

Our data contain every investment made on Sellaband from its launch in August 2006 until September 2009. Over this period, there were 4,712 artist-entrepreneurs on Sellaband who received at least

one \$10 investment. Of these, 34 raised the \$50,000 required to access their capital to finance the making of their album. The distribution of investments in these artists is highly skewed: these 34 raised 73% of the \$2,322,750 invested on the website.

To explore the role of geography in the crowdfunding of early-stage entrepreneurial projects, we used geographic information disclosed by artist-entrepreneurs and investors on Sellaband. For artists, location was cross-checked with their official website, MySpace, and Facebook profiles. We used the Google Maps APIs<sup>5</sup> to retrieve latitude and longitude for each location<sup>6</sup> and to standardize city names. We then manually checked locations and in the case of multiple or ambiguous matches either cleaned further or coded as missing. Finally, we calculated geodesic distances between artists and investors using a method developed by Thaddeus Vincenty and implemented by Austin Nichols (Nichols 2003). In our focal sample, we have distance measures for 90% of artist-investor pairs.

The other data we use in our main specifications is the cumulative investment raised by the artist from all investors as of the previous week. In some specifications, we also use song and video uploads that artists post on the website and investor proximity to concert locations (and the dates of those concerts).

We focus our analysis on investments in the 34 artists who raised \$50,000, examining the timing of investment and types of investors. We focus on these 34 for several reasons. First, they are more comparable with each other in terms of their performance on the site because they have each successfully gone through the full funding cycle. Second, we eliminate concerns about right truncation of the data by focusing on artists who complete the funding cycle. Third, we have geographic location information for the vast majority of the investors in these 34 artists because investors must give their location in order to receive their CD. Fourth, focusing on these 34 eliminates musicians who use Sellaband sporadically and do not treat the platform as a place for entrepreneurial activity. Finally, since these 34 artists account for nearly three-quarters of all funds raised on Sellaband, we argue that little information is lost by focusing on them (and our robustness checks to other samples confirm this).

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<sup>5</sup>See <http://code.google.com/apis/maps/> (accessed 13-04-2010)

<sup>6</sup>According to the data available, we used country, region, city name, and zipcode or country-region-city triads or country-city pairs.



The main sample is therefore constructed by taking the 34 artists who reach \$50,000 during our observation period. Artists enter the sample when they receive their first investment and exit when they reach the target. The resulting panel is unbalanced. We identify every investor who invested at least once in one of these 34 artists. Investors enter the sample when they make their first investment on Sellaband (in any artist) because their profile becomes visible to artists and other investors at that time. Investors never exit the sample.

Our main (\$50K) sample of artist-investor pairs is the Cartesian product of the 34 successful artists and all investors who invest at least once in one of them. Each pair appears during each week in which both the artist and the investor are in the sample.<sup>7</sup> Because we use artist-investor pair fixed effects in our regression analysis, pairs with no investments are dropped. There are 18,827 artist-investor pairs with at least one investment from the investor in the artist and 709,471 artist-investor-week observations.

We present descriptive statistics for the \$50K sample in Table 1a. Of these successful artists, the average takes approximately one year (53 weeks) to reach \$50,000, although there is considerable variation around the mean from just under two months to more than two years. The source of financing is widely distributed; on average artists raise their financing from 609 different investors. Across the 34 \$50K-artists, there are 8,149 unique investors. On average, these investors invest in 2.5 \$50K-artists, making 4.3 distinct investments (i.e., they often invest on more than one occasion in a single artist). They invest a total of \$227 across all \$50K-artists during the period under study. In terms of artistic effort, these artists post 4.3 demo songs on their profile during the fundraising process, above and beyond the songs they post when they first launch their profile.<sup>8</sup>

In the full sample of artists (Table 1b), the average artist only has 11.4 investors. Overall, investors spend an average of \$226 on Sellaband, spread over 3.5 artists and 5.5 different investment occasions.

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<sup>7</sup>For example, if Artist 1 receives her first investment in week 10 and reaches \$50K in week 20, then she will appear in the sample from weeks 10 through 20. If Investor 2 made his first investment in week 5, then he is paired with Artist 1 for weeks 10 through 20. If Investor 3 made his first investment in Week 18, then he is paired with Artist 1 for weeks 18 through 20.

<sup>8</sup>Many artists launch their profile with three songs - the maximum number the system accommodates. It is likely that all of these \$50K-artists launched their profile with three songs, meaning the average number of songs per artist is 7.3 (3+4.3). We only have data on songs added, not the number of songs posted at the time of launching a new profile.

### 2.3 Geographic variance on Sellaband

Figure 2a presents the geographic distribution of the 34 artists who raise \$50K. They are distributed over five continents with the majority in Europe and the United States. Figure 2b illustrates the geographic distribution of investors in these artists. They represent 80 countries and are also particularly concentrated in Europe and the eastern United States.

Despite this wide geographic variation, investors are disproportionately likely to invest in local artists. Conditional on making at least one investment in any artist on Sellaband, 2.8% of individuals who are within 100 km of an artist invest.<sup>9</sup> In contrast, only 0.8% of investors who are distant to an artist invest. In this way, investors are disproportionately local. At the same time, there are many more distant investors and therefore in aggregate they account for the vast majority of total investments.

## 3 Empirical Strategy

Our econometric analysis is a straightforward framework at the artist-investor-week level. Investor  $i$  will invest in artist  $a$  in week  $t$  if the expected value from investment is positive:

$$v_{ait} = \beta CumulativeInv_{at-1} + \gamma X_{ait} + \mu_{ai} + \psi_t + \epsilon_{ait}$$

where  $v_{ait}$  is the value of investing in artist  $a$  at time  $t$  by investor  $i$ . The value from investment includes both the monetary expected return of investment as well as any consumption utility derived from investing in that artist.  $\beta$  is the perceived marginal value of cumulative investment as of the previous week. For example, a higher cumulative investment may indicate that more investors perceive the artist to be of high quality and therefore a better investment. Alternatively, investors may derive more consumption utility from investing in artists who are closer to the \$50K threshold. In our main specification,  $CumulativeInv_{at-1}$  is included as a vector of dummy variables defined by the \$10000 cumulative investment thresholds. In addition,  $\gamma$  is the perceived marginal value

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<sup>9</sup>In order to simplify the analysis, we group all artist-investor pairs within 100 km as “local” and all others as “distant.” Our results are robust to other thresholds.

of the controls ( $X_{ait}$ ) including a control for time since the artist began on Sellaband,  $\mu_{ai}$  is an artist-investor fixed effect to control for overall tastes of the investor,  $\psi_t$  is a week fixed effect to control for changes in the Sellaband environment over time, and  $\epsilon_{ait}$  is an idiosyncratic error term.

Because  $v_{ait}$  is a latent variable, we instead examine the decision to invest. Therefore, to understand the value to the investor in investing in artist  $a$  at time  $t$  we use the following discrete choice specification:

$$\mathbf{1}(Invest_{ait}) = \beta CumulativeInv_{at-1} + \gamma X_{ait} + \mu_{ai} + \psi_t + \epsilon_{ait}$$

Consistent with the suggestions of Angrist and Pischke (2009), we estimate this using a linear probability model although we show robustness to alternative specifications. Likely because our covariates are binary, the vast majority of the predicted probabilities of our estimates lie between zero and one. Therefore the potential bias of the linear probability model is reduced in our estimation (Horrace and Oaxaca 2006). The fixed effects mean that our analysis examines the timing of investment for artist-investor pairs where we observe at least one investment. The fixed effects completely capture the artist-investor pairs in which we never see investment, and these pairs can therefore be removed from the analysis without any empirical consequences. Standard errors are clustered at the artist-investor pair level. Cumulative investment is measured at the artist-week level. Because the average artist in our main sample has over 600 investors, the cumulative investment number is not driven by any individual investor.<sup>10</sup>

In order to understand the role of distance, we separately estimate local and distant artist-investor pairs.<sup>11</sup>

$$\mathbf{1}(Invest_{ait}) = \beta^l CumulativeInv_{at-1} + \gamma X_{ait}^l + \mu_{ai}^l + \psi_t^l + \epsilon_{ait}^l \quad \text{if local}$$

$$\mathbf{1}(Invest_{ait}) = \beta^d CumulativeInv_{at-1} + \gamma X_{ait}^d + \mu_{ai}^d + \psi_t^d + \epsilon_{ait}^d \quad \text{if distant}$$

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<sup>10</sup>We address the potential for bias due to the use of fixed effects when several investors invest just once by showing robustness to random effects and to limiting the sample to investors who invest in the artist at least twice.

<sup>11</sup>We estimate separately for clarity of presentation. All results are robust to using interaction terms in simultaneous estimation of local and distance.

Furthermore, in order to understand the role of F&F, we interact F&F with cumulative investment in each of these separately estimated local and distant equations.

$$\mathbf{1}(Invest_{ait}) = \beta^l CumulativeInv_{at-1} + \theta^l F\&F_{ai} \times CumulativeInv_{at-1} + \gamma X_{ait}^l + \mu_{ai}^l + \psi_t^l + \epsilon_{ait}^l \quad \text{if local}$$

$$\mathbf{1}(Invest_{ait}) = \beta^d CumulativeInv_{at-1} + \theta^d F\&F_{ai} \times CumulativeInv_{at-1} + \gamma X_{ait}^d + \mu_{ai}^d + \psi_t^d + \epsilon_{ait}^d \quad \text{if distant}$$

The main effect of F&F will drop out due to collinearity with the artist-investor fixed effects. With this empirical approach we examine *when* an investor chooses to invest in a particular artist, conditional on at least one investment by that investor in that artist. Investors often invest more than once in the same artist during a single \$50,000 round of fundraising. We assume that the timing of investment is driven by the change in cumulative investment rather than by another change that is specific to the artist-investor pair. We also assume that the artist-investor and week fixed effects as well as other covariates control for omitted variables. Our main results hold as long as there is not an omitted variable that drives lagged cumulative investment, an increase in the value of distant investing, and a simultaneous decrease in the value of local investing. One plausible variable that might fit such a description is concert touring. As an artist gains visibility, they may be more able to tour to more distant locations. We therefore control for investor proximity to live performances by the artists.

## 4 Results

We build our results in three steps. First, we document that investors' propensity to invest in a given week increases as the artist visibly accumulates capital on the site. Second, we show that local investors do not follow this pattern. Instead they are most likely to invest early in the cycle, before an artist has raised \$10,000. Finally, we show that this difference between local and distant investors

is entirely explained by the group of investors we label Friends and Family (F&F). We focus on one specification in the paper but document robustness to numerous alternative specifications in the appendix.<sup>12</sup>

*Investment propensity increases with funds raised.* In Table 3 column 1 we show that investment propensity increases as a (\$50K) artist accumulates investment. As discussed earlier, the use of the \$50K sample ensures this is not a simple selection story where only the better artists appear in the sample with higher cumulative investment. Relative to an artist with less than \$10,000 in investment, a given investor is 2.1 percentage points more likely to invest in a given week if the artist has \$10,000-\$20,000 and 8.4 percentage points more likely to invest if they have more than \$40,000. These increases are large relative to a weekly base rate of 4.1% during the first \$10,000. We illustrate the estimates of the increase in propensity to invest in a given week over different capital levels in Figure 3a. Because we use a linear probability model, this means we can simply plot the coefficient values.

This acceleration of investment as an artist gets closer to \$50,000 is consistent with Zhang and Liu (2010) who document a similar pattern on Prosper.com. Like Zhang and Liu (2010), we argue that this is suggestive evidence of path dependency: past investment may increase the propensity to invest. It is only suggestive because, in the absence of a truly exogenous shock to investment, we cannot reject the possibility that some other activity may cause the acceleration in investment. Nevertheless, to the extent that the fixed effects and the covariates control such activities, the underlying pattern in the data, combined with the prominent placement of cumulative investment information on the website, suggest that high levels of cumulative investment may cause an increase in the rate at which new investment arrives.

*Local and distant investors are different.* In columns 2 and 3 we stratify the data between local and distant investors. Local investors are more likely to invest over the first \$20,000 than later. In contrast, the results for distant investors resemble the results shown in column 1. In Figure 3b we provide a graphical representation of the propensity to invest at different stages in the investment cycle. Local and distant investors clearly display distinct patterns; distant investors' propensity to

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<sup>12</sup>In the appendix, we show that our results are robust to alternative samples, covariates, and functional forms.

invest rises as the artist accumulates capital, whereas local investors' propensity does not.

In the appendix, we show that this general relationship is broadly robust to many other specifications. The only notable difference in several of the robustness checks is a flatter relationship between investment propensity and cumulative investment for local investors. Still, the key distinction for our purposes is that distant investors significantly increase their propensity to invest as the artist accumulates capital whereas local investors do not.

*Friends and Family.* Next, we show that a particular type of investor, whom we label as "Friends and Family" (F&F) of a particular artist, explains the observed difference between local and distant investors. These individuals likely joined this market-making platform to fund that particular artist. We define F&F by the following three characteristics:

1. The F&F investor invested in the focal artist before investing in any other (i.e. the investor is likely to have joined the system *for* the focal artist)
2. The F&F investor's investment in the focal artist is their largest investment
3. The investor invests in no more than three other artists (i.e. the focal artist remains a key reason for being on the site)

To examine the validity of our measure, we examine whether these investors exhibit behavior that suggests that they are a distinct group. We find that they use the website much less intensively than other investors for communication with artists, suggesting that they have other channels of communication. In addition, they invest disproportionately early in the funding cycle: 34% of the first \$500 comes from this group while only 22% of all funding comes from this group. Finally, they are disproportionately local.

We also surveyed information from 18 successful artists on Sellaband on the investors they knew independently of Sellaband. Specifically, we sent each their list of investors and asked them to identify all family members and friends that they knew prior to joining Sellaband. Our measure captured 76% of the investors that these 18 artists identified, as well as a number of investors that the artists did not know personally.

In columns 4 and 5 of table 3, we run our main specification on local and distant investors,

but include an interaction of capital levels with an indicator for F&F. The results show that local and distant investors are qualitatively similar, conditional on F&F. Particularly, for both local and distant investors, F&F tend to invest early in the funding cycle and non-F&F tend to invest later. We illustrate this result in Figure 3c which shows that non-F&F investors, both local and distant, increase their propensity to invest as the artist accumulates capital whereas F&F investors do not.

A potential concern with our interpretation of these results is that our definition only proxies for Friends and Family. It is likely that we include many investors who are not really F&F, and that we exclude some investors that are F&F. In order to address this concern, In table 4, we show that the qualitative results are robust to the subsample of 18 artists who identified their Friends and Family to us.

In summary, our results suggest that there is little systematic difference between local and distant investors, except to the extent that social networks (as measured by F&F) are disproportionately local.

#### **4.1 What do F&F investors know?**

Next, we provide some suggestive evidence on the type of asymmetry between F&F and other investors. Specifically, we examine whether the asymmetry is primarily about the first investment or about subsequent investments as well. If it is about the first investment, it suggests that the key asymmetry is an information asymmetry, perhaps related to the search costs for non-F&F investors to identify artists that they do not know outside of sellaband. In contrast, if the difference between F&F investing and non-F&F investing persists after the first investment it suggests a role for more than information on search attributes, such as offline monitoring.

In table 5, we drop all first investments (and consequently all investors who invest on only one occasion). It shows no difference between F&F and other investors, or between local and distant investors. After the first investment, all investors become increasingly likely to invest again as the artist approaches \$50K. This suggests that, conditional on identifying an artist and deciding that they are worth investing it, the key difference between F&F and non-F&F investment patterns goes

away.

## 5 Conclusion

We examine the role of distance in an online platform for financing early stage artist-artists. We find that investment patterns over time are independent of geographic distance between artist and investor after controlling for the artist’s offline social network. This result contrasts with the existing literature that emphasizes the importance of spatial proximity in entrepreneurial finance. Instead, our result suggests that online mechanisms can reduce economic frictions associated with investing in early-stage projects over long distances. Only the spatial correlation of pre-existing social networks is not resolved, and the online mechanisms do not yet eliminate frictions related to information that is easily conveyed through a social network, particularly those related to information on search attributes. This is consistent with prior research on online activity that shows many, but not all, distance-related frictions are reduced in the online setting (Blum and Goldfarb 2006, Hortacsu, Martinez-Jerez, and Douglas 2009).

Furthermore, our result emphasizes the important role that friends and family may play online and offline in generating early investment in entrepreneurial ventures. Consistent with Conti, Thursby, and Rothaermel (2010), we speculate that this early investment may serve as a signal of entrepreneurial commitment. Later investors may use this signal thereby increasing the likelihood of further funding by way of access to distant sources of capital.

Finally, we comment on the implications of crowdfunding in our particular industry setting, recorded music. Over the past two decades, this industry has experienced significant changes. Industry revenues have declined by approximately 50% over 10 years, which many industry experts attribute to piracy through online file sharing (Passman 2009). At the same time, costs associated with the production and distribution of music have also dropped substantially due to the development of inexpensive production software and the digital distribution of music over the internet. However, production costs are not zero and recording artists are commonly cash constrained. In the vertically integrated industry set-up, large record companies provided both financing and a full suite of services (e.g., producer, studio, cover design, distribution, auxiliary musicians) in ex-



change for ownership of or equity in the artists' intellectual property. As the major labels decline in importance, artists have fewer options to relieve cash constraints by borrowing against, or selling equity in, their intellectual property. Crowdfunding helps overcome that constraint by creating a market for the most salient asset available to aspiring new artists – their ideas, vision, and future intellectual property – thereby facilitating financing from distant strangers. Thus, crowdfunding may help reduce an important market failure.

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Table 1: Descriptive stats

(a) \$50K (main) Sample

	Obs.	Mean	Std. Dev.	Min	Max
<b>Entrepreneur Level</b>					
Investors at \$50K	34	608.8	220.9	316	1,338
Weeks to \$50K	34	53.1	34.6	8	124
Songs uploaded†	34	4.29	8.02	0	32
Videos uploaded	34	0.68	0.47	0	1
<b>Investor level</b>					
Number of 50K entrepreneurs invested in	8,149	2.54	4.23	1	34
Number of distinct investments	8,149	4.33	12.78	1	330
Total amount invested across 50K entrepreneurs (\$)	8,149	227	1,147.6	10	33,430
<b>Entrepreneur-Investor level</b>					
Investment amount (\$)	18,827	89	393.9	10	23,500
Geographic distance (km)	18,827	5,118	5,658	0.003	19,827
Number of investments in same entrepreneur	18,827	1.7	2.3	1	72
Position in funding cycle at first investment (\$)	18,827	12,099	13,361	0	49,990
<b>Entrepreneur-Investor-Week level</b>					
Investment amount (\$)	709,471	2.378	40.82	0	15,000
Live show proximate to investor	709,471	0.002	0.046	0	1

(b) Full Sample

	Obs.	Mean	Std. Dev.	Min	Max
<b>Entrepreneur Level</b>					
Investors	4,712	11.4	60.5	1	1,338
Total Investment	4,712	49.3	437.5	0	5,000
Songs uploaded†	4,712	1.82	2.686	0	59
Videos uploaded	4,712	0.11	0.378	0	8
<b>Investor level</b>					
Number of entrepreneurs invested in	15,517	3.46	21.1	1	1,835
Number of distinct investments	15,517	5.52	34.31	1	2,155
Total amount invested across all entrepreneurs (\$)	15,517	226.1	1579.4	10	69,560
<b>Entrepreneur-Investor level</b>					
Investment amount (\$)	24,862	86.37	381.35	10	23,500
Geographic distance (km)	24,862	4,831.5	5,523.6	.003	19,863
Number of investments in same entrepreneur	24,862	1.79	2.52	1	72
Position in funding cycle at first investment (\$)	24,862	9,998	12,464	0	49,990
<b>Entrepreneur-Investor-Week level</b>					
Investment amount (\$)	1,175,492	1.83	33.71	0	15,000

†Entrepreneurs may upload 1 to 3 songs when registering on the website. Since we do not have access to these data, the initial songs are not included in this count.

Table 2a: F&F use the website differently

	<b>F&amp;F</b>	<b>Not F&amp;F</b>
Average # of emails sent to entrepreneurs	0.24	8.25
Average # of comments sent to entrepreneurs	0.44	12.74
Average # of emails received from entrepreneurs	13.19	68.97
Average # of comments received from entrepreneurs	1.14	18.77

Table 2b: F&F are disproportionately active at the beginning

	<b>First \$500</b>	<b>First 4 weeks</b>	<b>Full \$50k</b>
F&F	34%	37%	22%
Not F&F	66%	63%	78%

Table 2c: F&F are disproportionately local

<b>Pairs</b>	<b>0-100 km</b>	<b>&gt; 100 km</b>
<b>F&amp;F</b>	55%	16%
<b>Not F&amp;F</b>	45%	84%

<b>Dollars</b>	<b>0-100 km</b>	<b>&gt; 100 km</b>
<b>F&amp;F</b>	43%	15%
<b>Not F&amp;F</b>	57%	85%

Table 3: Local, Distant and Family &amp; Friends

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0213*** (0.0012)	0.0083 (0.0061)	0.0216*** (0.0013)	0.0340*** (0.0068)	0.0236*** (0.0012)
\$20-30K accum. capital	0.0261*** (0.0017)	-0.0225*** (0.0082)	0.0290*** (0.0017)	0.0307*** (0.0092)	0.0336*** (0.0017)
\$30-40K accum. capital	0.0420*** (0.0021)	-0.0255*** (0.0093)	0.0458*** (0.0022)	0.0377*** (0.0110)	0.0527*** (0.0021)
\$40-50K accum. capital	0.0840*** (0.0027)	-0.0137 (0.0110)	0.0902*** (0.0028)	0.0639*** (0.0137)	0.1099*** (0.0029)
\$10-20K accum. capital * F&F				-0.0898*** (0.0102)	-0.0876*** (0.0066)
\$20-30K accum. capital * F&F				-0.1301*** (0.0111)	-0.1346*** (0.0073)
\$30-40K accum. capital * F&F				-0.1507*** (0.0127)	-0.1657*** (0.0076)
\$40-50K accum. capital * F&F				-0.1812*** (0.0154)	-0.2533*** (0.0082)
Investor proximate to Live Show	0.0079 (0.0056)	0.0105 (0.0076)	-0.0072 (0.0159)	0.0098 (0.0077)	-0.0062 (0.0158)
Weeks on Sellaband	-0.0033*** (0.0003)	-0.0041*** (0.0011)	-0.0031*** (0.0003)	-0.0035*** (0.0010)	-0.0030*** (0.0003)
Observations	709,471	78,897	630,574	78,897	630,574
R-squared	0.012	0.039	0.012	0.049	0.018
Number of group	18,827	1,572	17,255	1,572	17,255

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

Table 4: Local, Distant and Family & Friends (Survey Sample)

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0156*** (0.0018)	0.0187** (0.0073)	0.0149*** (0.0018)	0.0405*** (0.0073)	0.0160*** (0.0018)
\$20-30K accum. capital	0.0197*** (0.0023)	-0.0045 (0.0095)	0.0207*** (0.0024)	0.0227** (0.0092)	0.0217*** (0.0024)
\$30-40K accum. capital	0.0369*** (0.0028)	-0.0051 (0.0107)	0.0396*** (0.0030)	0.0283*** (0.0105)	0.0407*** (0.0030)
\$40-50K accum. capital	0.0883*** (0.0038)	0.0138 (0.0146)	0.0946*** (0.0041)	0.0449*** (0.0148)	0.0969*** (0.0041)
\$10-20K accum. capital * F&F				-0.0592*** (0.0133)	-0.1159*** (0.0182)
\$20-30K accum. capital * F&F				-0.0663*** (0.0133)	-0.1201*** (0.0187)
\$30-40K accum. capital * F&F				-0.0771*** (0.0136)	-0.1294*** (0.0188)
\$40-50K accum. capital * F&F				-0.0802*** (0.0155)	-0.1847*** (0.0223)
Investor proximate to Live Show	0.0127** (0.0055)	0.0169* (0.0087)	-0.0068 (0.0165)	0.0168* (0.0088)	-0.0066 (0.0164)
Weeks on Sellaband	-0.0002* (0.0001)	0.0008 (.)	-0.0002 (0.0001)	0.0009 (2.8173)	-0.0002 (0.0001)
Observations	405,816	64,188	341,628	64,188	341,628
R-squared	0.015	0.048	0.015	0.050	0.016
Number of group	9,451	1,085	8,366	1,085	8,366

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1



Table 5: Repeated Investment (Survey Version)


VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0098*** (0.0015)	0.0396*** (0.0151)	0.0089*** (0.0015)	0.0369*** (0.0137)	0.0090*** (0.0015)
\$20-30K accum. capital	0.0197*** (0.0021)	0.0590* (0.0307)	0.0186*** (0.0021)	0.0581** (0.0269)	0.0185*** (0.0021)
\$30-40K accum. capital	0.0334*** (0.0026)	0.0632** (0.0316)	0.0325*** (0.0025)	0.0681** (0.0289)	0.0325*** (0.0025)
\$40-50K accum. capital	0.0782*** (0.0037)	0.1180*** (0.0357)	0.0772*** (0.0037)	0.1354*** (0.0336)	0.0774*** (0.0037)
\$10-20K accum. capital * F&F				0.0191 (0.0256)	0.0012 (0.0142)
\$20-30K accum. capital * F&F				0.0096 (0.0279)	0.0143 (0.0144)
\$30-40K accum. capital * F&F				-0.0181 (0.0302)	0.0004 (0.0250)
\$40-50K accum. capital * F&F				-0.0675 (0.0516)	-0.0111 (0.0221)
Investor proximate to Live Show	0.0143 (0.0094)	0.0402*** (0.0142)	-0.0140 (0.0151)	0.0392*** (0.0142)	-0.0140 (0.0151)
Weeks on Sellaband	-0.0001 (0.0001)	-0.0014*** (0.0004)	-0.0001 (0.0001)	-0.0014*** (0.0004)	-0.0001 (0.0001)
Observations	286,913	16,161	270,752	16,161	270,752
R-squared	0.012	0.020	0.012	0.021	0.012
Number of group	6,443	303	6,140	303	6,140

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

Figure 1: Sellaband screenshot

theLights - Low Hundreds Out Now!



**Support status**

\$560 \$50,000

What's in it for me?

FINANCE MY ALBUM









**Genres:**  
Acoustic, Folk, Pop

**Playlist**

- Low Hundreds - Out May 11th! 539
- The new B-Side "Formerly Yours" 211
- Film Within A Film\_1 123

Tracks played: 873

**Believers**

 <a href="#">Chris</a>	 <a href="#">Pacarina :: ...</a>	 <a href="#">Martin(Team ...</a>	 <a href="#">Mitchell fro...</a>
 <a href="#">Lucretia</a>	 <a href="#">Dagmar</a>	 <a href="#">JohanV</a>	 <a href="#">Claire S.</a>

**Bulletins**

**BBC RADIO 2 iPLAYER**  
may 20, 2009

**LIVE @ BBC RADIO 2**  
may 15, 2009

**Song of the week**  
may 11, 2009

**NEW SONG & THANKYOU!**  
may 4, 2009

**6 Pack**  
april 28, 2009

**Ahem... your attention please**  
april 24, 2009

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**Believers** 28

**Discovered by** [Paul McMaster.](#)

**Latest believer** [Chris](#)

**Latest investment** 1 Parts by: [thomas sheils](#)

**Signed up** april 17, 2009

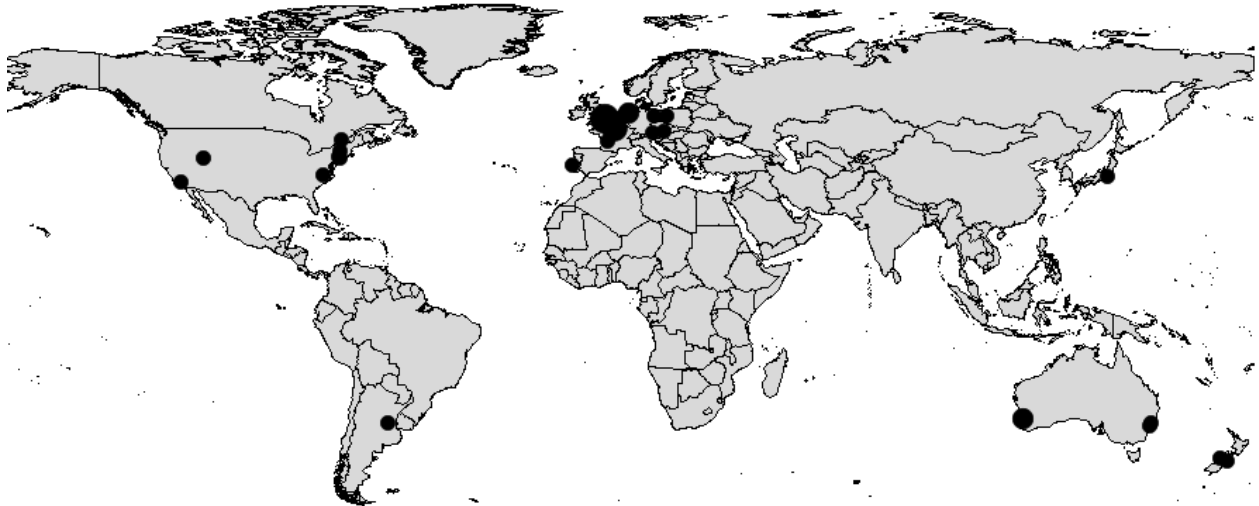
**Last updated** july 4, 2009

**Last seen** july 4, 2009

**Profile views** 2362

Figure 2: Maps

(a) \$50K entrepreneurs locations



(b) Investor locations (\$50K artists)

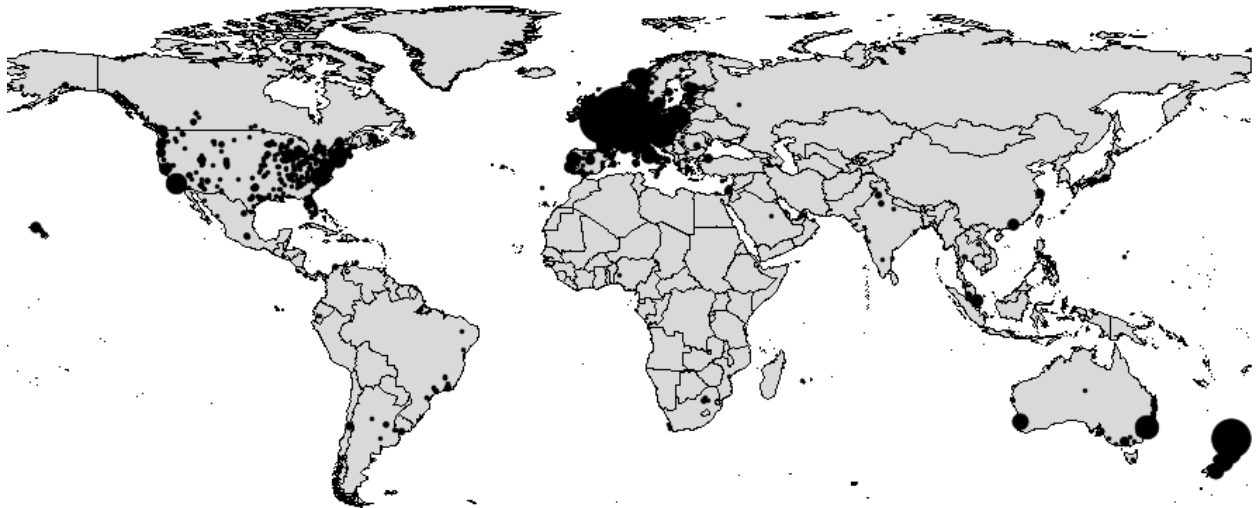
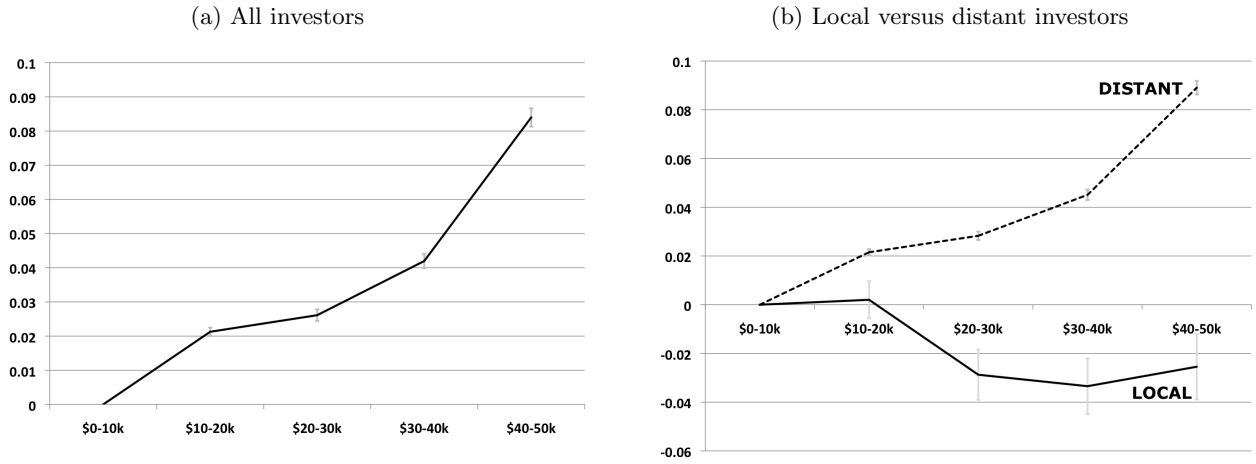
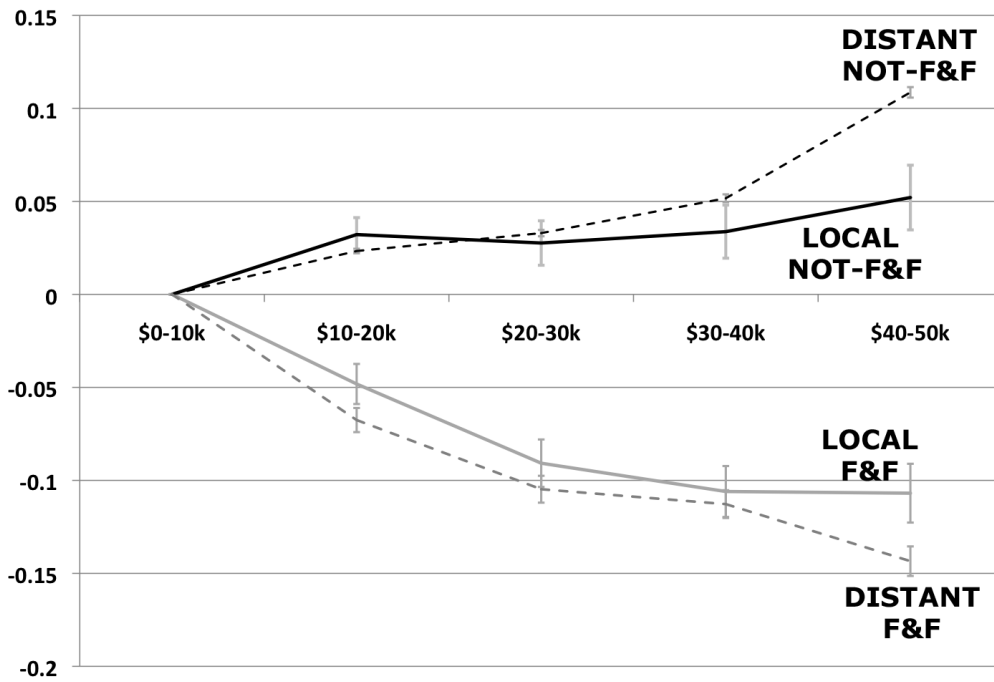


Figure 3: Relative propensity to invest over capital levels. Baseline is propensity to invest between \$0-10K within focal group.



(c) F&F versus not-F&F investors (both local and distant)



## 6 Appendix

Table A-1: Full Sample

VARIABLES	(1)	(2)	(3)	(4)	(5)
	Full Sample Invest=1	Full Sample LOCAL	Full Sample DISTANT	Full Sample LOCAL	Full Sample DISTANT
\$10-20K accum. capital	0.0109*** (0.0009)	0.0026 (0.0037)	0.0113*** (0.0009)	0.0237*** (0.0043)	0.0137*** (0.0009)
\$20-30K accum. capital	0.0134*** (0.0012)	-0.0147*** (0.0047)	0.0155*** (0.0012)	0.0283*** (0.0053)	0.0206*** (0.0012)
\$30-40K accum. capital	0.0266*** (0.0015)	-0.0160*** (0.0056)	0.0296*** (0.0015)	0.0430*** (0.0084)	0.0375*** (0.0015)
\$40-50K accum. capital	0.0692*** (0.0021)	-0.0005 (0.0065)	0.0747*** (0.0022)	0.0752*** (0.0116)	0.0952*** (0.0023)
\$10-20K accum. capital * F&F				-0.0656*** (0.0071)	-0.0732*** (0.0045)
\$20-30K accum. capital * F&F				-0.1034*** (0.0080)	-0.1111*** (0.0052)
\$30-40K accum. capital * F&F				-0.1273*** (0.0105)	-0.1479*** (0.0056)
\$40-50K accum. capital * F&F				-0.1507*** (0.0134)	-0.2349*** (0.0064)
Investor proximate to Live Show	0.0048 (0.0054)	0.0053 (0.0061)	-0.0051 (0.0159)	0.0063 (0.0062)	-0.0039 (0.0158)
Weeks on Sellaband	-0.0032*** (0.0002)	-0.0050*** (0.0007)	-0.0030*** (0.0003)	-0.0047*** (0.0007)	-0.0028*** (0.0003)
Observations	1,175,492	146,221	1,029,271	146,221	1,029,271
R-squared	0.010	0.028	0.010	0.034	0.015
Number of group	24,862	2,430	22,432	2,430	22,432

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A-2: \$1K Sample

VARIABLES	(1) \$1K Sample Invest=1	(2) \$1K Sample LOCAL	(3) \$1K Sample DISTANT	(4) \$1K Sample LOCAL	(5) \$1K Sample DISTANT
\$10-20K accum. capital	0.0108*** (0.0009)	0.0026 (0.0037)	0.0113*** (0.0009)	0.0237*** (0.0043)	0.0138*** (0.0009)
\$20-30K accum. capital	0.0133*** (0.0012)	-0.0148*** (0.0048)	0.0155*** (0.0012)	0.0281*** (0.0054)	0.0205*** (0.0012)
\$30-40K accum. capital	0.0267*** (0.0015)	-0.0159*** (0.0057)	0.0297*** (0.0015)	0.0429*** (0.0085)	0.0376*** (0.0015)
\$40-50K accum. capital	0.0692*** (0.0021)	0.0001 (0.0066)	0.0747*** (0.0022)	0.0752*** (0.0116)	0.0952*** (0.0023)
\$10-20K accum. capital * F&F				-0.0656*** (0.0071)	-0.0735*** (0.0046)
\$20-30K accum. capital * F&F				-0.1034*** (0.0080)	-0.1113*** (0.0052)
\$30-40K accum. capital * F&F				-0.1271*** (0.0105)	-0.1481*** (0.0056)
\$40-50K accum. capital * F&F				-0.1500*** (0.0134)	-0.2350*** (0.0064)
Investor proximate to Live Show	0.0049 (0.0054)	0.0059 (0.0061)	-0.0053 (0.0159)	0.0068 (0.0062)	-0.0042 (0.0158)
Weeks on Sellaband	-0.0031*** (0.0002)	-0.0050*** (0.0007)	-0.0029*** (0.0003)	-0.0047*** (0.0007)	-0.0028*** (0.0003)
Observations	1,155,845	142,923	1,012,922	142,923	1,012,922
R-squared	0.010	0.028	0.010	0.034	0.015
Number of group	24,411	2,375	22,036	2,375	22,036

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

Table A-3: \$5K Sample

VARIABLES	(1) \$5K Sample Invest =1	(2) \$5K Sample LOCAL	(3) \$5K Sample DISTANT	(4) \$5K Sample LOCAL	(5) \$5K Sample DISTANT
\$10-20K accum. capital	0.0114*** (0.0009)	0.0013 (0.0037)	0.0119*** (0.0009)	0.0219*** (0.0043)	0.0144*** (0.0009)
\$20-30K accum. capital	0.0141*** (0.0012)	-0.0184*** (0.0049)	0.0166*** (0.0012)	0.0244*** (0.0055)	0.0215*** (0.0013)
\$30-40K accum. capital	0.0279*** (0.0015)	-0.0201*** (0.0059)	0.0313*** (0.0016)	0.0386*** (0.0086)	0.0390*** (0.0016)
\$40-50K accum. capital	0.0705*** (0.0021)	-0.0037 (0.0068)	0.0764*** (0.0022)	0.0710*** (0.0117)	0.0967*** (0.0024)
\$10-20K accum. capital * F&F				-0.0650*** (0.0070)	-0.0736*** (0.0046)
\$20-30K accum. capital * F&F				-0.1036*** (0.0079)	-0.1111*** (0.0052)
\$30-40K accum. capital * F&F				-0.1277*** (0.0105)	-0.1480*** (0.0057)
\$40-50K accum. capital * F&F				-0.1504*** (0.0134)	-0.2350*** (0.0064)
Investor proximate to Live Show	0.0057 (0.0054)	0.0067 (0.0063)	-0.0051 (0.0159)	0.0076 (0.0063)	-0.0039 (0.0158)
Weeks on Sellaband	-0.0032*** (0.0002)	-0.0049*** (0.0007)	-0.0030*** (0.0003)	-0.0046*** (0.0007)	-0.0028*** (0.0003)
Observations	1,070,501	127,637	942,864	127,637	942,864
R-squared	0.011	0.030	0.010	0.037	0.015
Number of group	23,269	2,156	21,113	2,156	21,113

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

Table A-4: No artists from music hubs (NYC, LA, Nashville, London, or Paris)

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0195*** (0.0014)	0.0142* (0.0075)	0.0190*** (0.0014)	0.0371*** (0.0085)	0.0201*** (0.0014)
\$20-30K accum. capital	0.0314*** (0.0021)	-0.0192 (0.0128)	0.0342*** (0.0022)	0.0297** (0.0139)	0.0366*** (0.0021)
\$30-40K accum. capital	0.0451*** (0.0025)	-0.0257* (0.0135)	0.0484*** (0.0026)	0.0291* (0.0152)	0.0534*** (0.0026)
\$40-50K accum. capital	0.0969*** (0.0034)	-0.0161 (0.0175)	0.1036*** (0.0035)	0.0502*** (0.0189)	0.1205*** (0.0036)
\$10-20K accum. capital * F&F				-0.0736*** (0.0111)	-0.0586*** (0.0071)
\$20-30K accum. capital * F&F				-0.1124*** (0.0120)	-0.1014*** (0.0084)
\$30-40K accum. capital * F&F				-0.1312*** (0.0143)	-0.1567*** (0.0093)
\$40-50K accum. capital * F&F				-0.1651*** (0.0181)	-0.2429*** (0.0100)
Investor proximate to Live Show	0.0094 (0.0068)	0.0296** (0.0117)	-0.0193 (0.0234)	0.0320*** (0.0116)	-0.0179 (0.0232)
Weeks on Sellaband	-0.0045*** (0.0003)	-0.0050*** (0.0013)	-0.0044*** (0.0004)	-0.0043*** (0.0013)	-0.0042*** (0.0004)
Observations	482,683	56,438	426,245	56,438	426,245
R-squared	0.013	0.035	0.014	0.043	0.020
Number of group	12,310	1,025	11,285	1,025	11,285

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1



Table A-5: No artists from music hubs (NYC, LA, Nashville, London, or Paris) - Survey Sample

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0160*** (0.0019)	0.0346*** (0.0081)	0.0127*** (0.0020)	0.0439*** (0.0081)	0.0135*** (0.0020)
\$20-30K accum. capital	0.0251*** (0.0029)	0.0147 (0.0153)	0.0255*** (0.0031)	0.0285** (0.0142)	0.0262*** (0.0031)
\$30-40K accum. capital	0.0408*** (0.0034)	0.0127 (0.0157)	0.0421*** (0.0037)	0.0349** (0.0157)	0.0431*** (0.0037)
\$40-50K accum. capital	0.0873*** (0.0046)	0.0409** (0.0202)	0.0924*** (0.0049)	0.0606*** (0.0201)	0.0942*** (0.0049)
\$10-20K accum. capital * F&F				-0.0230* (0.0132)	-0.0895*** (0.0174)
\$20-30K accum. capital * F&F				-0.0273** (0.0132)	-0.0840*** (0.0181)
\$30-40K accum. capital * F&F				-0.0498*** (0.0145)	-0.1081*** (0.0205)
\$40-50K accum. capital * F&F				-0.0532*** (0.0157)	-0.1354*** (0.0227)
Investor proximate to Live Show	0.0144** (0.0058)	0.0346*** (0.0125)	-0.0847*** (0.0103)	0.0357*** (0.0125)	-0.0850*** (0.0102)
Weeks on Sellaband	-0.0009*** (0.0003)	-0.0062*** (0.0010)	-0.0009*** (0.0003)	-0.0060*** (0.0010)	-0.0009*** (0.0003)
Observations	295,946	50,007	245,939	50,007	245,939
R-squared	0.016	0.040	0.016	0.041	0.017
Number of group	6,379	763	5,616	763	5,616

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A-6: Only investors who invest two or more times.

VARIABLES	(1) Full Time Period	(2) Before Change in Incentives	(3) After Change in Incentives
\$10-20K accum. capital	0.0239*** (0.0013)	0.0229*** (0.0013)	0.0088 (0.0116)
\$20-30K accum. capital	0.0369*** (0.0018)	0.0307*** (0.0017)	0.0659*** (0.0090)
\$30-40K accum. capital	0.0592*** (0.0022)	0.0527*** (0.0022)	0.0757*** (0.0097)
\$40-50K accum. capital	0.1174*** (0.0029)	0.1069*** (0.0030)	0.1275*** (0.0107)
\$10-20K accum. capital * F&F	-0.0709*** (0.0164)	-0.1006*** (0.0053)	0.1348* (0.0699)
\$20-30K accum. capital * F&F	-0.1066*** (0.0198)	-0.1485*** (0.0057)	-0.0841*** (0.0274)
\$30-40K accum. capital * F&F	-0.1345*** (0.0196)	-0.1852*** (0.0060)	-0.1009*** (0.0275)
\$40-50K accum. capital * F&F	-0.1932*** (0.0225)	-0.2729*** (0.0070)	-0.1532*** (0.0280)
Investor proximate to Live Show	0.0018 (0.0101)	0.0088 (0.0070)	0.0150** (0.0069)
Weeks on Sellaband	-0.0024*** (0.0003)	-0.0043*** (0.0004)	0.0008* (0.0005)
Observations	585,803	628,732	80,739
R-squared	0.015	0.020	0.019
Number of group	14,790	18,447	3,920

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A-7: Only investors who invest two or more times (Survey Sample).

VARIABLES	(1) Full Time Period	(2) Before Change in Incentives	(3) After Change in Incentives
\$10-20K accum. capital	0.0173*** (0.0019)	0.0173*** (0.0018)	0.0111 (0.0118)
\$20-30K accum. capital	0.0306*** (0.0026)	0.0199*** (0.0024)	0.0712*** (0.0091)
\$30-40K accum. capital	0.0541*** (0.0032)	0.0419*** (0.0032)	0.0741*** (0.0100)
\$40-50K accum. capital	0.1256*** (0.0045)	0.0983*** (0.0044)	0.1095*** (0.0110)
\$10-20K accum. capital * F&F	-0.0263 (0.0185)	-0.0860*** (0.0108)	0.1554** (0.0781)
\$20-30K accum. capital * F&F	-0.0161 (0.0197)	-0.1035*** (0.0113)	-0.0907*** (0.0257)
\$30-40K accum. capital * F&F	-0.0440* (0.0240)	-0.1139*** (0.0117)	-0.0972*** (0.0263)
\$40-50K accum. capital * F&F	-0.0756*** (0.0292)	-0.1793*** (0.0199)	-0.1268*** (0.0274)
Investor proximate to Live Show	0.0142 (0.0118)	0.0124* (0.0074)	0.0169** (0.0070)
Weeks on Sellaband	-0.0003** (0.0001)	-0.0004*** (0.0001)	0.0014*** (0.0005)
Observations	293,427	334,118	71,698
R-squared	0.018	0.016	0.018
Number of group	6,514	9,169	3,451

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A-8: artist-Investor-Month as a unit of analysis.

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20k accum. capital	0.0646*** (0.0034)	0.0353** (0.0154)	0.0614*** (0.0035)	0.0978*** (0.0170)	0.0664*** (0.0034)
\$20-30k accum. capital	0.0854*** (0.0045)	-0.0630*** (0.0198)	0.0923*** (0.0046)	0.0778*** (0.0220)	0.1054*** (0.0046)
\$30-40k accum. capital	0.1495*** (0.0056)	-0.0364 (0.0223)	0.1565*** (0.0059)	0.1364*** (0.0261)	0.1821*** (0.0058)
\$40-50k accum. capital	0.1349*** (0.0067)	-0.0606** (0.0273)	0.1428*** (0.0070)	0.1133*** (0.0353)	0.1786*** (0.0071)
\$10-20k accum. capital * F&F				-0.2260*** (0.0249)	-0.2498*** (0.0165)
\$20-30k accum. capital * F&F				-0.3440*** (0.0266)	-0.3771*** (0.0186)
\$30-40k accum. capital * F&F				-0.4094*** (0.0301)	-0.5139*** (0.0189)
\$40-50k accum. capital * F&F				-0.4336*** (0.0377)	-0.5719*** (0.0212)
Investor proximate to Live Show	0.0251*** (0.0069)	0.0118** (0.0059)	0.0767*** (0.0228)	0.0109* (0.0059)	0.0815*** (0.0225)
weeks_on_sab	0.0215*** (0.0025)	0.0417*** (0.0086)	0.0216*** (0.0026)	0.0394*** (0.0088)	0.0242*** (0.0026)
Observations	226,312	25,108	201,204	25,108	201,204
R-squared	0.023	0.104	0.022	0.135	0.039
Number of group	18,827	1,572	17,255	1,572	17,255

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

Table A-9: artist-Investor-Month as a unit of analysis (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20k accum. capital	0.0605*** (0.0048)	0.0612*** (0.0197)	0.0546*** (0.0051)	0.1210*** (0.0206)	0.0567*** (0.0051)
\$20-30k accum. capital	0.0758*** (0.0063)	-0.0211 (0.0236)	0.0786*** (0.0066)	0.0517** (0.0252)	0.0813*** (0.0066)
\$30-40k accum. capital	0.1460*** (0.0079)	-0.0034 (0.0262)	0.1528*** (0.0085)	0.0933*** (0.0294)	0.1569*** (0.0085)
\$40-50k accum. capital	0.1955*** (0.0100)	0.0050 (0.0351)	0.2077*** (0.0107)	0.0798** (0.0380)	0.2129*** (0.0107)
\$10-20k accum. capital * F&F				-0.1596*** (0.0320)	-0.2787*** (0.0422)
\$20-30k accum. capital * F&F				-0.1775*** (0.0324)	-0.3271*** (0.0444)
\$30-40k accum. capital * F&F				-0.2232*** (0.0340)	-0.3920*** (0.0450)
\$40-50k accum. capital * F&F				-0.2037*** (0.0389)	-0.4656*** (0.0549)
Investor proximate to Live Show	0.0157** (0.0066)	0.0132** (0.0061)	0.0190 (0.0267)	0.0135** (0.0060)	
weeks_on_sab	0.0472*** (0.0033)	0.0719*** (0.0113)	0.0495*** (0.0035)	0.0668*** (0.0113)	0.0498*** (0.0035)
Observations	133,183	20,623	112,560	20,623	112,560
R-squared	0.031	0.118	0.029	0.126	0.032
Number of group	9,451	1,085	8,366	1,085	8,366

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A-10: Controlling for video uploads

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0211*** (0.0012)	0.0101* (0.0061)	0.0213*** (0.0013)	0.0337*** (0.0069)	0.0232*** (0.0013)
\$20-30K accum. capital	0.0277*** (0.0017)	-0.0205** (0.0082)	0.0306*** (0.0017)	0.0305*** (0.0092)	0.0350*** (0.0017)
\$30-40K accum. capital	0.0442*** (0.0021)	-0.0237** (0.0093)	0.0481*** (0.0022)	0.0373*** (0.0111)	0.0547*** (0.0022)
\$40-50K accum. capital	0.0871*** (0.0027)	-0.0109 (0.0110)	0.0934*** (0.0028)	0.0646*** (0.0137)	0.1128*** (0.0029)
\$10-20K accum. capital * F&F				-0.0842*** (0.0100)	-0.0822*** (0.0066)
\$20-30K accum. capital * F&F				-0.1249*** (0.0109)	-0.1270*** (0.0073)
\$30-40K accum. capital * F&F				-0.1456*** (0.0126)	-0.1572*** (0.0075)
\$40-50K accum. capital * F&F				-0.1760*** (0.0151)	-0.2453*** (0.0081)
Videos uploaded (lagged)	0.0083* (0.0043)	0.2033*** (0.0395)	0.0013 (0.0042)	0.2032*** (0.0380)	0.0031 (0.0041)
Investor proximate to Live Show	0.0099* (0.0056)	0.0112 (0.0076)	0.0022 (0.0160)	0.0105 (0.0076)	0.0035 (0.0159)
Weeks on Sellaband	-0.0018*** (0.0002)	-0.0005 (0.0010)	-0.0018*** (0.0002)	0.0001 (0.0010)	-0.0016*** (0.0002)
Observations	703,417	78,685	624,732	78,685	624,732
R-squared	0.011	0.038	0.012	0.048	0.018
Number of group	18,827	1,572	17,255	1,572	17,255

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

Table A-11: Controlling for video uploads (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0142*** (0.0018)	0.0227*** (0.0073)	0.0130*** (0.0019)	0.0417*** (0.0072)	0.0141*** (0.0019)
\$20-30K accum. capital	0.0184*** (0.0024)	-0.0003 (0.0094)	0.0191*** (0.0025)	0.0239*** (0.0091)	0.0200*** (0.0025)
\$30-40K accum. capital	0.0354*** (0.0029)	-0.0013 (0.0106)	0.0376*** (0.0030)	0.0291*** (0.0103)	0.0386*** (0.0030)
\$40-50K accum. capital	0.0859*** (0.0039)	0.0172 (0.0145)	0.0919*** (0.0041)	0.0455*** (0.0146)	0.0941*** (0.0041)
\$10-20K accum. capital * F&F				-0.0519*** (0.0130)	-0.1074*** (0.0177)
\$20-30K accum. capital * F&F				-0.0593*** (0.0131)	-0.1114*** (0.0179)
\$30-40K accum. capital * F&F				-0.0705*** (0.0134)	-0.1199*** (0.0180)
\$40-50K accum. capital * F&F				-0.0737*** (0.0155)	-0.1759*** (0.0216)
Videos uploaded (lagged)	0.0175** (0.0069)	0.2890*** (0.0511)	0.0055 (0.0066)	0.2837*** (0.0508)	0.0053 (0.0066)
Weeks on Sellaband	-0.0006** (0.0003)	-0.0044*** (0.0010)	-0.0003 (0.0002)	0.0008 (0.4503)	-0.0003 (0.0002)
Observations	402,666	64,044	338,622	64,044	338,622
R-squared	0.014	0.052	0.014	0.053	0.015
Number of group	9,451	1,085	8,366	1,085	8,366

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A-12: Focal investor's past investment not included in artist's accumulated capital. Controlling for songs and live shows.

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0204*** (0.0012)	0.0087 (0.0062)	0.0207*** (0.0013)	0.0319*** (0.0069)	0.0225*** (0.0013)
\$20-30K accum. capital	0.0267*** (0.0017)	-0.0225*** (0.0082)	0.0298*** (0.0018)	0.0292*** (0.0091)	0.0341*** (0.0017)
\$30-40K accum. capital	0.0434*** (0.0021)	-0.0256*** (0.0093)	0.0474*** (0.0022)	0.0344*** (0.0110)	0.0541*** (0.0022)
\$40-50K accum. capital	0.0859*** (0.0027)	-0.0139 (0.0109)	0.0924*** (0.0028)	0.0627*** (0.0134)	0.1117*** (0.0029)
\$10-20K accum. capital * F&F				-0.0821*** (0.0100)	-0.0808*** (0.0066)
\$20-30K accum. capital * F&F				-0.1244*** (0.0109)	-0.1268*** (0.0072)
\$30-40K accum. capital * F&F				-0.1428*** (0.0126)	-0.1574*** (0.0075)
\$40-50K accum. capital * F&F				-0.1761*** (0.0150)	-0.2441*** (0.0080)
Songs uploaded (lagged)	-0.0010 (0.0009)	-0.0022 (0.0027)	-0.0011 (0.0010)	-0.0016 (0.0027)	-0.0018* (0.0010)
Investor proximate to Live Show	0.0098* (0.0056)	0.0099 (0.0077)	0.0021 (0.0160)	0.0096 (0.0077)	0.0032 (0.0159)
Weeks on Sellaband	-0.0019*** (0.0002)	-0.0018* (0.0009)	-0.0018*** (0.0002)	-0.0013 (0.0009)	-0.0016*** (0.0002)
Observations	703,417	78,685	624,732	78,685	624,732
R-squared	0.011	0.036	0.012	0.046	0.017
Number of group	18,827	1,572	17,255	1,572	17,255

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1



Table A-13: Focal investor's past investment not included in artist's accumulated capital. Controlling for songs and live shows (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0136*** (0.0018)	0.0201*** (0.0072)	0.0125*** (0.0019)	0.0399*** (0.0071)	0.0136*** (0.0019)
\$20-30K accum. capital	0.0173*** (0.0024)	-0.0052 (0.0094)	0.0182*** (0.0025)	0.0204** (0.0090)	0.0192*** (0.0025)
\$30-40K accum. capital	0.0344*** (0.0029)	-0.0065 (0.0106)	0.0370*** (0.0031)	0.0258** (0.0104)	0.0381*** (0.0030)
\$40-50K accum. capital	0.0846*** (0.0039)	0.0126 (0.0142)	0.0907*** (0.0041)	0.0408*** (0.0145)	0.0930*** (0.0041)
\$10-20K accum. capital * F&F				-0.0530*** (0.0132)	-0.1045*** (0.0177)
\$20-30K accum. capital * F&F				-0.0621*** (0.0131)	-0.1087*** (0.0179)
\$30-40K accum. capital * F&F				-0.0737*** (0.0133)	-0.1164*** (0.0181)
\$40-50K accum. capital * F&F				-0.0734*** (0.0153)	-0.1738*** (0.0217)
Songs uploaded (lagged)	-0.0018** (0.0009)	-0.0017 (0.0027)	-0.0021** (0.0010)	-0.0016 (0.0027)	-0.0021** (0.0010)
Investor proximate to Live Show	0.0123** (0.0055)	0.0164* (0.0087)	-0.0058 (0.0164)	0.0161* (0.0088)	-0.0057 (0.0164)
Weeks on Sellaband	-0.0007** (0.0003)	-0.0064*** (0.0009)	-0.0003* (0.0002)	-0.0062*** (0.0009)	-0.0003* (0.0002)
Observations	402,666	64,044	338,622	64,044	338,622
R-squared	0.014	0.048	0.014	0.050	0.015
Number of group	9,451	1,085	8,366	1,085	8,366

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A-14: Controlling for artists' mentions in the Sellaband Newsletter.

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0213*** (0.0012)	0.0083 (0.0061)	0.0216*** (0.0013)	0.0341*** (0.0068)	0.0236*** (0.0012)
\$20-30K accum. capital	0.0261*** (0.0017)	-0.0228*** (0.0082)	0.0290*** (0.0017)	0.0303*** (0.0092)	0.0336*** (0.0017)
\$30-40K accum. capital	0.0419*** (0.0021)	-0.0258*** (0.0093)	0.0458*** (0.0022)	0.0374*** (0.0110)	0.0527*** (0.0021)
\$40-50K accum. capital	0.0840*** (0.0027)	-0.0137 (0.0110)	0.0902*** (0.0028)	0.0638*** (0.0137)	0.1099*** (0.0029)
\$10-20K accum. capital * F&F				-0.0897*** (0.0102)	-0.0876*** (0.0066)
\$20-30K accum. capital * F&F				-0.1297*** (0.0111)	-0.1346*** (0.0073)
\$30-40K accum. capital * F&F				-0.1504*** (0.0127)	-0.1657*** (0.0076)
\$40-50K accum. capital * F&F				-0.1809*** (0.0154)	-0.2533*** (0.0082)
Artist in tribune (lagged)	0.0035** (0.0016)	0.0147** (0.0067)	0.0023 (0.0017)	0.0104 (0.0066)	0.0012 (0.0017)
Investor proximate to Live Show	0.0079 (0.0056)	0.0101 (0.0077)	-0.0070 (0.0159)	0.0095 (0.0077)	-0.0062 (0.0158)
Weeks on Sellaband	-0.0033*** (0.0003)	-0.0041*** (0.0011)	-0.0031*** (0.0003)	-0.0035*** (0.0010)	-0.0030*** (0.0003)
Observations	709,471	78,897	630,574	78,897	630,574
R-squared	0.012	0.039	0.012	0.049	0.018
Number of group	18,827	1,572	17,255	1,572	17,255

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

Table A-15: Controlling for artists' mentions in the Sellaband Newsletter (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0156*** (0.0018)	0.0185** (0.0073)	0.0148*** (0.0018)	0.0403*** (0.0073)	0.0160*** (0.0018)
\$20-30K accum. capital	0.0195*** (0.0023)	-0.0050 (0.0095)	0.0205*** (0.0024)	0.0220** (0.0093)	0.0216*** (0.0024)
\$30-40K accum. capital	0.0368*** (0.0028)	-0.0055 (0.0107)	0.0395*** (0.0030)	0.0277*** (0.0106)	0.0407*** (0.0030)
\$40-50K accum. capital	0.0879*** (0.0038)	0.0135 (0.0146)	0.0943*** (0.0041)	0.0445*** (0.0149)	0.0966*** (0.0041)
\$10-20K accum. capital * F&F				-0.0591*** (0.0133)	-0.1159*** (0.0182)
\$20-30K accum. capital * F&F				-0.0660*** (0.0133)	-0.1201*** (0.0187)
\$30-40K accum. capital * F&F				-0.0769*** (0.0136)	-0.1294*** (0.0188)
\$40-50K accum. capital * F&F				-0.0799*** (0.0156)	-0.1847*** (0.0223)
Artist in tribune (lagged)	0.0054** (0.0026)	0.0117 (0.0081)	0.0039 (0.0028)	0.0101 (0.0082)	0.0039 (0.0028)
Investor proximate to Live Show	0.0127** (0.0055)	0.0165* (0.0088)	-0.0065 (0.0164)	0.0165* (0.0088)	-0.0063 (0.0164)
Weeks on Sellaband	-0.0002* (0.0001)	0.0008 (2.1742)	-0.0002 (0.0001)	0.0009 (.)	-0.0002 (0.0001)
Observations	405,816	64,188	341,628	64,188	341,628
R-squared	0.015	0.048	0.015	0.050	0.016
Number of group	9,451	1,085	8,366	1,085	8,366

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A-16: Logit

VARIABLES ALL	(1) LOCAL	(2) DISTANT	(3) LOCAL	(4) DISTANT	(5)
\$10-20K accum. capital	0.5221*** (0.0244)	0.3245*** (0.0817)	0.4852*** (0.0259)	0.8977*** (0.1084)	0.6277*** (0.0273)
\$20-30K accum. capital	0.5873*** (0.0305)	-0.4383*** (0.1139)	0.6146*** (0.0319)	1.1361*** (0.1388)	0.8775*** (0.0332)
\$30-40K accum. capital	1.0219*** (0.0360)	-0.0900 (0.1328)	1.0373*** (0.0377)	1.6513*** (0.1639)	1.3692*** (0.0391)
\$40-50K accum. capital	1.5722*** (0.0369)	0.0233 (0.1454)	1.6006*** (0.0386)	1.8800*** (0.1773)	2.0589*** (0.0400)
\$10-20K accum. capital * F&F				-1.5243*** (0.1321)	-2.0234*** (0.0829)
\$20-30K accum. capital * F&F				-3.2969*** (0.1556)	-3.7154*** (0.1016)
\$30-40K accum. capital * F&F				-4.1348*** (0.2042)	-5.0341*** (0.1218)
\$40-50K accum. capital * F&F				-4.5821*** (0.2347)	-6.4427*** (0.1362)
Investor proximate to Live Show	0.0363 (0.1326)	0.1070 (0.1891)	-0.1198 (0.2087)	0.0893 (0.1910)	-0.1532 (0.2129)
Weeks on Sellaband	-0.0274*** (0.0026)	-0.0393*** (0.0081)	-0.0232*** (0.0026)	-0.0431*** (0.0083)	-0.0240*** (0.0027)
Observations	708,745	78,845	629,900	78,845	629,900
Number of group	18,234	1,526	16,708	1,526	16,708
Log Likelihood	-85892	-7481	-77677	-7114	-75897

Table A-17: Logit (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.3715*** (0.0349)	0.5239*** (0.1101)	0.3267*** (0.0378)	0.9443*** (0.1381)	0.3582*** (0.0382)
\$20-30K accum. capital	0.3938*** (0.0451)	-0.3382** (0.1552)	0.4046*** (0.0477)	0.0877 (0.1924)	0.4439*** (0.0481)
\$30-40K accum. capital	1.0013*** (0.0543)	0.1332 (0.1805)	1.0093*** (0.0582)	0.9562*** (0.2235)	1.0574*** (0.0586)
\$40-50K accum. capital	1.7708*** (0.0580)	0.3448* (0.2027)	1.8180*** (0.0621)	1.0623*** (0.2447)	1.8777*** (0.0625)
\$10-20K accum. capital * F&F				-0.7065*** (0.1613)	-1.6631*** (0.2023)
\$20-30K accum. capital * F&F				-0.5178*** (0.1866)	-2.0356*** (0.2091)
\$30-40K accum. capital * F&F				-1.5352*** (0.2495)	-2.6544*** (0.2663)
\$40-50K accum. capital * F&F				-1.6071*** (0.2974)	-3.2916*** (0.2965)
Investor proximate to Live Show	0.2271 (0.1675)	0.1483 (0.2178)	0.1177 (0.3516)	0.1627 (0.2173)	0.1015 (0.3544)
Weeks on Sellaband	-0.0250*** (0.0024)	-0.0223* (0.0115)	-0.0221*** (0.0026)	-0.0043 (0.0103)	-0.0497*** (0.0026)
Observations	405,468	64,152	341,316	64,152	341,316
Number of group	9,169	1,052	8,117	1,052	8,117
Log Likelihood	-43374	-5018	-37781	-4992	-37695

Table A-18: Logit with week on Sellaband dummies.

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.6432*** (0.0256)	0.4179*** (0.0846)	0.6100*** (0.0273)	0.9963*** (0.1110)	0.7234*** (0.0288)
\$20-30K accum. capital	0.7432*** (0.0322)	-0.3102*** (0.1172)	0.7646*** (0.0338)	1.1674*** (0.1407)	0.9937*** (0.0352)
\$30-40K accum. capital	1.1939*** (0.0374)	-0.0174 (0.1371)	1.1984*** (0.0394)	1.6317*** (0.1650)	1.5000*** (0.0409)
\$40-50K accum. capital	1.7968*** (0.0390)	0.2636* (0.1509)	1.8046*** (0.0410)	1.9570*** (0.1790)	2.2287*** (0.0424)
\$10-20K accum. capital * F&F				-1.4681*** (0.1328)	-2.0789*** (0.0832)
\$20-30K accum. capital * F&F				-3.1022*** (0.1558)	-3.7092*** (0.1015)
\$30-40K accum. capital * F&F				-3.9063*** (0.2034)	-4.9882*** (0.1212)
\$40-50K accum. capital * F&F				-4.2675*** (0.2353)	-6.4220*** (0.1359)
4th to 6th month on Sellaband	-0.3783*** (0.0279)	-1.4634*** (0.0935)	-0.2556*** (0.0299)	-1.1839*** (0.0959)	-0.2481*** (0.0305)
6th to 12th month on Sellaband	-0.4824*** (0.0372)	-1.6303*** (0.1360)	-0.3686*** (0.0396)	-1.2736*** (0.1423)	-0.4010*** (0.0405)
12+ months on Sellaband	-0.1902*** (0.0588)	-1.3676*** (0.2102)	-0.1077* (0.0624)	-0.8722*** (0.2197)	-0.1821*** (0.0632)
Investor proximate to Live Show	0.0332 (0.1319)	0.1986 (0.1908)	-0.1545 (0.2084)	0.1511 (0.1918)	-0.1763 (0.2123)
Observations	708,745	78,845	629,900	78,845	629,900
Number of group	18,234	1,526	16,708	1,526	16,708
Log Likelihood	-85689	-7325	-77567	-7010	-75798

Table A-19: Logit with week on Sellaband dummies (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.5345*** (0.0381)	0.3927*** (0.1159)	0.4447*** (0.0417)	0.6248*** (0.1423)	0.4839*** (0.0422)
\$20-30K accum. capital	0.5221*** (0.0492)	-0.3817** (0.1648)	0.4874*** (0.0528)	-0.2034 (0.1980)	0.5354*** (0.0533)
\$30-40K accum. capital	1.1258*** (0.0566)	0.0567 (0.1938)	1.0978*** (0.0609)	0.6461*** (0.2303)	1.1547*** (0.0613)
\$40-50K accum. capital	1.9565*** (0.0607)	0.5175** (0.2134)	1.9515*** (0.0653)	0.9629*** (0.2494)	2.0213*** (0.0658)
\$10-20K accum. capital * F&F				-0.4221*** (0.1604)	-1.6973*** (0.2020)
\$20-30K accum. capital * F&F				-0.2170 (0.1865)	-2.0408*** (0.2080)
\$30-40K accum. capital * F&F				-1.1682*** (0.2461)	-2.6615*** (0.2651)
\$40-50K accum. capital * F&F				-0.9304*** (0.2875)	-3.2869*** (0.2958)
4th to 6th month on Sellaband	-0.4552*** (0.0409)	-1.7320*** (0.1261)	-0.2802*** (0.0456)	-1.6744*** (0.1280)	-0.2817*** (0.0457)
6th to 12th month on Sellaband	-0.3314*** (0.0553)	-1.7974*** (0.1931)	-0.1688*** (0.0603)	-1.6909*** (0.1954)	-0.1815*** (0.0605)
12+ months on Sellaband	0.0495 (0.0837)	-1.6158*** (0.2898)	0.1502* (0.0909)	-1.5693*** (0.2905)	0.1408 (0.0911)
Investor proximate to Live Show	0.1897 (0.1664)	0.1994 (0.2196)	0.0083 (0.3491)	0.2049 (0.2189)	-0.0084 (0.3514)
Observations	405,468	64,152	341,316	64,152	341,316
Number of group	9,169	1,052	8,117	1,052	8,117
Log Likelihood	-43253	-4904	-37732	-4890	-37645

Table A-20: Positive parts, fixed effects Poisson with week on Sellaband dummies.

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.6107*** (0.0719)	0.2830 (0.1985)	0.6627*** (0.0739)	0.7902** (0.3347)	0.7838*** (0.0778)
\$20-30K accum. capital	0.7417*** (0.0971)	0.2925 (0.2488)	0.8191*** (0.1034)	1.1478*** (0.3039)	0.9976*** (0.1076)
\$30-40K accum. capital	1.1343*** (0.1108)	0.3894 (0.2635)	1.2925*** (0.1108)	1.3786*** (0.3627)	1.5471*** (0.1140)
\$40-50K accum. capital	1.9304*** (0.1096)	1.1146*** (0.3124)	2.1014*** (0.1159)	2.1339*** (0.4038)	2.4537*** (0.1173)
\$10-20K accum. capital * F&F				-1.2872*** (0.3940)	-1.4447*** (0.1737)
\$20-30K accum. capital * F&F				-2.1374*** (0.4334)	-2.2867*** (0.2581)
\$30-40K accum. capital * F&F				-2.8711*** (0.5144)	-3.2320*** (0.3216)
\$40-50K accum. capital * F&F				-3.0489*** (0.5648)	-4.5190*** (0.3705)
4th to 6th month on Sellaband	-0.2535*** (0.0760)	-0.4433** (0.2033)	-0.1953** (0.0818)	-0.3531* (0.1963)	-0.1998** (0.0821)
6th to 12th month on Sellaband	-0.3922*** (0.1117)	-0.0717 (0.2747)	-0.4668*** (0.1150)	-0.0301 (0.2687)	-0.5147*** (0.1163)
12+ months on Sellaband	-0.0479 (0.1603)	0.1098 (0.3453)	-0.1383 (0.1656)	0.2670 (0.3962)	-0.2343 (0.1677)
Investor proximate to Live Show	0.3915* (0.2159)	0.3159 (0.2031)	0.6030 (0.4772)	0.2788 (0.1973)	0.5053 (0.4013)
Observations	708,966	78,855	630,111	78,855	630,111
Number of group	18,322	1,530	16,792	1,530	16,792
Log Likelihood	-343487	-45090	-291712	-43195	-285300



Table A-21: Positive parts, fixed effects Poisson with week on Sellaband dummies (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.4524*** (0.0966)	0.3282* (0.1909)	0.5192*** (0.1069)	0.4199 (0.0000)	0.5798*** (0.1065)
\$20-30K accum. capital	0.5198*** (0.1368)	0.4746 (0.3351)	0.6036*** (0.1444)	0.3591 (0.0000)	0.6811*** (0.1416)
\$30-40K accum. capital	1.0223*** (0.1442)	0.6576** (0.3063)	1.1594*** (0.1598)	1.3805 (0.0000)	1.2710*** (0.1534)
\$40-50K accum. capital	1.9858*** (0.1646)	1.2390*** (0.3452)	2.2943*** (0.1836)	1.8500 (0.0000)	2.4133*** (0.1746)
\$10-20K accum. capital * F&F				-0.1323 (0.0000)	-1.1385*** (0.4286)
\$20-30K accum. capital * F&F				0.2031 (0.0000)	-1.6264*** (0.4510)
\$30-40K accum. capital * F&F				-1.1684 (0.0000)	-2.5194*** (0.5078)
\$40-50K accum. capital * F&F				-1.1590 (0.0000)	-2.7264*** (0.6449)
4th to 6th month on Sellaband	-0.3140*** (0.1113)	-0.1211 (0.2570)	-0.3703*** (0.1196)	-0.0623 (0.0000)	-0.3739*** (0.1215)
6th to 12th month on Sellaband	-0.0689 (0.1787)	0.4929 (0.3770)	-0.2918 (0.1935)	0.5623 (0.0000)	-0.3216* (0.1933)
12+ months on Sellaband	0.1936 (0.2547)	1.0552** (0.4439)	-0.1696 (0.2641)	1.0032 (0.0000)	-0.1834 (0.2588)
Investor proximate to Live Show	0.2665 (0.1679)	0.2743 (0.2464)	-0.1779 (0.6126)	0.2359 (0.0000)	-0.1981 (0.6097)
Observations	405,574	64,157	341,417	64,157	341,417
Number of group	9,209	1,054	8,155	1,054	8,155
Log Likelihood	-168636	-26829	-137113	-26589	-136420

Table A-22: Total Parts, OLS

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.1218*** (0.0176)	0.0280 (0.1565)	0.1267*** (0.0165)	0.2628 (0.1858)	0.1356*** (0.0166)
\$20-30K accum. capital	0.1653*** (0.0279)	-0.1222 (0.2250)	0.1775*** (0.0267)	0.3227 (0.2735)	0.1914*** (0.0268)
\$30-40K accum. capital	0.2575*** (0.0353)	-0.1125 (0.2489)	0.2761*** (0.0342)	0.3892 (0.2766)	0.3026*** (0.0347)
\$40-50K accum. capital	0.6287*** (0.0560)	0.0798 (0.4404)	0.6674*** (0.0538)	0.9405 (0.6817)	0.7726*** (0.0572)
\$10-20K accum. capital * F&F				-0.8041*** (0.2191)	-0.3774*** (0.0534)
\$20-30K accum. capital * F&F				-1.1097*** (0.2402)	-0.5169*** (0.0634)
\$30-40K accum. capital * F&F				-1.2379*** (0.2401)	-0.6791*** (0.0733)
\$40-50K accum. capital * F&F				-1.8783*** (0.5488)	-1.2354*** (0.0839)
Investor proximate to Live Show	0.1644 (0.1172)	0.0568 (0.1004)	0.4274 (0.4483)	0.0492 (0.1014)	0.4344 (0.4481)
Weeks on Sellaband	-0.0095*** (0.0035)	-0.0115* (0.0064)	-0.0093** (0.0037)	-0.0058 (0.0061)	-0.0088** (0.0037)
Observations	709,471	78,897	630,574	78,897	630,574
R-squared	0.002	0.003	0.004	0.004	0.004
Number of group	18,827	1,572	17,255	1,572	17,255

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

Table A-23: Total Parts, OLS (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0809*** (0.0212)	0.1855 (0.1350)	0.0727*** (0.0207)	0.2606** (0.1080)	0.0801*** (0.0205)
\$20-30K accum. capital	0.1256*** (0.0330)	0.1775 (0.1926)	0.1095*** (0.0321)	0.2874* (0.1550)	0.1174*** (0.0318)
\$30-40K accum. capital	0.2116*** (0.0428)	0.2465 (0.2296)	0.1931*** (0.0401)	0.4546** (0.1857)	0.2030*** (0.0397)
\$40-50K accum. capital	0.6195*** (0.0758)	0.4597 (0.3429)	0.6400*** (0.0791)	0.7449** (0.3106)	0.6580*** (0.0794)
\$10-20K accum. capital * F&F				-0.1935 (0.2397)	-0.8966*** (0.2711)
\$20-30K accum. capital * F&F				-0.2741 (0.2642)	-1.0103*** (0.3208)
\$30-40K accum. capital * F&F				-0.4719* (0.2706)	-1.1762*** (0.3557)
\$40-50K accum. capital * F&F				-0.7733** (0.3693)	-1.5513*** (0.4076)
Investor proximate to Live Show	0.0696 (0.0640)	0.1384 (0.1110)	-0.0477 (0.1310)	0.1281 (0.1120)	-0.0408 (0.1313)
Weeks on Sellaband	-0.0001 (0.0027)	0.0008 (74.4823)	0.0004 (0.0028)	0.0037 (.)	0.0004 (0.0028)
Observations	405,816	64,188	341,628	64,188	341,628
R-squared	0.002	0.004	0.004	0.004	0.004
Number of group	9,451	1,085	8,366	1,085	8,366

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

Table A-24: Random Effects.

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0298*** (0.0011)	0.0092* (0.0054)	0.0309*** (0.0011)	0.0266*** (0.0060)	0.0293*** (0.0011)
\$20-30K accum. capital	0.0419*** (0.0013)	-0.0115* (0.0069)	0.0454*** (0.0014)	0.0314*** (0.0079)	0.0464*** (0.0014)
\$30-40K accum. capital	0.0676*** (0.0017)	-0.0019 (0.0079)	0.0720*** (0.0017)	0.0477*** (0.0099)	0.0743*** (0.0017)
\$40-50K accum. capital	0.1252*** (0.0023)	0.0322*** (0.0096)	0.1318*** (0.0023)	0.0880*** (0.0128)	0.1416*** (0.0024)
\$10-20K accum. capital * F&F				-0.0513*** (0.0067)	0.0195*** (0.0033)
\$20-30K accum. capital * F&F				-0.0850*** (0.0071)	-0.0077*** (0.0027)
\$30-40K accum. capital * F&F				-0.0996*** (0.0090)	-0.0185*** (0.0030)
\$40-50K accum. capital * F&F				-0.1130*** (0.0123)	-0.0657*** (0.0042)
Investor proximate to Live Show	0.0134** (0.0058)	0.0157** (0.0079)	0.0020 (0.0157)	0.0152* (0.0079)	0.0021 (0.0157)
Weeks on Sellaband	-0.0011*** (0.0000)	-0.0016*** (0.0002)	-0.0010*** (0.0000)	-0.0020*** (0.0002)	-0.0011*** (0.0000)
Observations	709,471	78,897	630,574	78,897	630,574
Number of group	18,827	1,572	17,255	1,572	17,255

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

Table A-25: Random Effects (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL	(3) DISTANT	(4) LOCAL	(5) DISTANT
\$10-20K accum. capital	0.0298*** (0.0011)	0.0092* (0.0054)	0.0309*** (0.0011)	0.0266*** (0.0060)	0.0293*** (0.0011)
\$20-30K accum. capital	0.0419*** (0.0013)	-0.0115* (0.0069)	0.0454*** (0.0014)	0.0314*** (0.0079)	0.0464*** (0.0014)
\$30-40K accum. capital	0.0676*** (0.0017)	-0.0019 (0.0079)	0.0720*** (0.0017)	0.0477*** (0.0099)	0.0743*** (0.0017)
\$40-50K accum. capital	0.1252*** (0.0023)	0.0322*** (0.0096)	0.1318*** (0.0023)	0.0880*** (0.0128)	0.1416*** (0.0024)
\$10-20K accum. capital * F&F				-0.0513*** (0.0067)	0.0195*** (0.0033)
\$20-30K accum. capital * F&F				-0.0850*** (0.0071)	-0.0077*** (0.0027)
\$30-40K accum. capital * F&F				-0.0996*** (0.0090)	-0.0185*** (0.0030)
\$40-50K accum. capital * F&F				-0.1130*** (0.0123)	-0.0657*** (0.0042)
Investor proximate to Live Show	0.0134** (0.0058)	0.0157** (0.0079)	0.0020 (0.0157)	0.0152* (0.0079)	0.0021 (0.0157)
Weeks on Sellaband	-0.0011*** (0.0000)	-0.0016*** (0.0002)	-0.0010*** (0.0000)	-0.0020*** (0.0002)	-0.0011*** (0.0000)
Observations	709,471	78,897	630,574	78,897	630,574
Number of group	18,827	1,572	17,255	1,572	17,255

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A-26: Local defined as within 25 km

VARIABLES	(1) LOCAL 25 km	(2) DISTANT	(3) LOCAL 25 km	(4) DISTANT
\$10-20K accum. capital	-0.0101 (0.0089)	0.0218*** (0.0012)	0.0194* (0.0108)	0.0232*** (0.0012)
\$20-30K accum. capital	-0.0455*** (0.0121)	0.0283*** (0.0017)	0.0057 (0.0142)	0.0327*** (0.0017)
\$30-40K accum. capital	-0.0434*** (0.0134)	0.0444*** (0.0021)	0.0173 (0.0167)	0.0503*** (0.0021)
\$40-50K accum. capital	-0.0276* (0.0156)	0.0873*** (0.0027)	0.0454** (0.0206)	0.1068*** (0.0028)
\$10-20K accum. capital * F&F			-0.0759*** (0.0139)	-0.0943*** (0.0062)
\$20-30K accum. capital * F&F			-0.1098*** (0.0148)	-0.1356*** (0.0066)
\$30-40K accum. capital * F&F			-0.1286*** (0.0173)	-0.1638*** (0.0069)
\$40-50K accum. capital * F&F			-0.1514*** (0.0216)	-0.2463*** (0.0074)
Investor proximate to Live Show	0.0136 (0.0099)	0.0007 (0.0086)	0.0130 (0.0099)	0.0039 (0.0086)
Weeks on Sellaband	-0.0033*** (0.0012)	-0.0032*** (0.0003)	-0.0029** (0.0012)	-0.0031*** (0.0003)
Observations	36,186	673,285	36,186	673,285
R-squared	0.035	0.012	0.043	0.019
Number of group	748	18,079	748	18,079

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

Table A-27: Local defined as within 25 km (Survey Sample).

VARIABLES	(1)	(2)	(3)	(4)
	LOCAL 25 km	DISTANT	LOCAL 25 km	DISTANT
\$10-20K accum. capital	-0.0067 (0.0101)	0.0161*** (0.0018)	0.0047 (0.0102)	0.0176*** (0.0018)
\$20-30K accum. capital	-0.0292** (0.0142)	0.0212*** (0.0024)	-0.0189 (0.0137)	0.0231*** (0.0024)
\$30-40K accum. capital	-0.0303* (0.0157)	0.0392*** (0.0029)	-0.0098 (0.0155)	0.0409*** (0.0029)
\$40-50K accum. capital	-0.0211 (0.0195)	0.0925*** (0.0039)	-0.0053 (0.0193)	0.0958*** (0.0039)
\$10-20K accum. capital * F&F			-0.0237 (0.0155)	-0.1178*** (0.0158)
\$20-30K accum. capital * F&F			-0.0199 (0.0154)	-0.1354*** (0.0165)
\$30-40K accum. capital * F&F			-0.0397** (0.0161)	-0.1400*** (0.0163)
\$40-50K accum. capital * F&F			-0.0358* (0.0197)	-0.1890*** (0.0181)
Investor proximate to Live Show	0.0201* (0.0119)	0.0047 (0.0072)	0.0199* (0.0120)	0.0054 (0.0072)
Weeks on Sellaband	-0.0021 (0.0022)	-0.0002* (0.0001)	-0.0021 (0.0022)	-0.0002* (0.0001)
Observations	29,461	376,355	29,461	376,355
R-squared	0.041	0.015	0.042	0.016
Number of group	502	8,949	502	8,949

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A-28: Local defined as within 50 km

VARIABLES	(1) ALL	(2) LOCAL 50 km	(3) DISTANT	(4) LOCAL 50 km	(5) DISTANT
\$10-20K accum. capital	0.0213*** (0.0012)	0.0083 (0.0061)	0.0216*** (0.0013)	0.0340*** (0.0068)	0.0236*** (0.0012)
\$20-30K accum. capital	0.0261*** (0.0017)	-0.0225*** (0.0082)	0.0290*** (0.0017)	0.0307*** (0.0092)	0.0336*** (0.0017)
\$30-40K accum. capital	0.0420*** (0.0021)	-0.0255*** (0.0093)	0.0458*** (0.0022)	0.0377*** (0.0110)	0.0527*** (0.0021)
\$40-50K accum. capital	0.0840*** (0.0027)	-0.0137 (0.0110)	0.0902*** (0.0028)	0.0639*** (0.0137)	0.1099*** (0.0029)
\$10-20K accum. capital * F&F				-0.0898*** (0.0102)	-0.0876*** (0.0066)
\$20-30K accum. capital * F&F				-0.1301*** (0.0111)	-0.1346*** (0.0073)
\$30-40K accum. capital * F&F				-0.1507*** (0.0127)	-0.1657*** (0.0076)
\$40-50K accum. capital * F&F				-0.1812*** (0.0154)	-0.2533*** (0.0082)
Investor proximate to Live Show	0.0079 (0.0056)	0.0105 (0.0076)	-0.0072 (0.0159)	0.0098 (0.0077)	-0.0062 (0.0158)
Weeks on Sellaband	-0.0033*** (0.0003)	-0.0041*** (0.0011)	-0.0031*** (0.0003)	-0.0035*** (0.0010)	-0.0030*** (0.0003)
Observations	709,471	78,897	630,574	78,897	630,574
R-squared	0.012	0.039	0.012	0.049	0.018
Number of group	18,827	1,572	17,255	1,572	17,255

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1



Table A-29: Local defined as within 50 km (Survey Sample).

VARIABLES	(1) ALL	(2) LOCAL 50 km	(3) DISTANT	(4) LOCAL 50 km	(5) DISTANT
\$10-20K accum. capital	0.0156*** (0.0018)	0.0187** (0.0073)	0.0149*** (0.0018)	0.0405*** (0.0073)	0.0160*** (0.0018)
\$20-30K accum. capital	0.0197*** (0.0023)	-0.0045 (0.0095)	0.0207*** (0.0024)	0.0227** (0.0092)	0.0217*** (0.0024)
\$30-40K accum. capital	0.0369*** (0.0028)	-0.0051 (0.0107)	0.0396*** (0.0030)	0.0283*** (0.0105)	0.0407*** (0.0030)
\$40-50K accum. capital	0.0883*** (0.0038)	0.0138 (0.0146)	0.0946*** (0.0041)	0.0449*** (0.0148)	0.0969*** (0.0041)
\$10-20K accum. capital * F&F				-0.0592*** (0.0133)	-0.1159*** (0.0182)
\$20-30K accum. capital * F&F				-0.0663*** (0.0133)	-0.1201*** (0.0187)
\$30-40K accum. capital * F&F				-0.0771*** (0.0136)	-0.1294*** (0.0188)
\$40-50K accum. capital * F&F				-0.0802*** (0.0155)	-0.1847*** (0.0223)
Investor proximate to Live Show	0.0127** (0.0055)	0.0169* (0.0087)	-0.0068 (0.0165)	0.0168* (0.0088)	-0.0066 (0.0164)
Weeks on Sellaband	-0.0002* (0.0001)	0.0008 (.)	-0.0002 (0.0001)	0.0009 (2.5851)	-0.0002 (0.0001)
Observations	405,816	64,188	341,628	64,188	341,628
R-squared	0.015	0.048	0.015	0.050	0.016
Number of group	9,451	1,085	8,366	1,085	8,366

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A-30: If geographic information is missing, coded as distant

VARIABLES	(1) Invest =1 with NAs	(2) LOCAL	(3) DISTANT or NAs	(4) LOCAL	(5) DISTANT or NAs
\$10-20K accum. capital	0.0180*** (0.0012)	0.0083 (0.0061)	0.0181*** (0.0012)	0.0340*** (0.0068)	0.0232*** (0.0012)
\$20-30K accum. capital	0.0216*** (0.0016)	-0.0225*** (0.0082)	0.0240*** (0.0017)	0.0307*** (0.0092)	0.0317*** (0.0017)
\$30-40K accum. capital	0.0357*** (0.0020)	-0.0255*** (0.0093)	0.0388*** (0.0021)	0.0377*** (0.0110)	0.0493*** (0.0021)
\$40-50K accum. capital	0.0731*** (0.0026)	-0.0137 (0.0110)	0.0780*** (0.0027)	0.0639*** (0.0137)	0.1057*** (0.0028)
\$10-20K accum. capital * F&F				-0.0898*** (0.0102)	-0.1120*** (0.0053)
\$20-30K accum. capital * F&F				-0.1301*** (0.0111)	-0.1462*** (0.0055)
\$30-40K accum. capital * F&F				-0.1507*** (0.0127)	-0.1709*** (0.0057)
\$40-50K accum. capital * F&F				-0.1812*** (0.0154)	-0.2440*** (0.0060)
Investor proximate to Live Show	0.0054 (0.0053)	0.0105 (0.0076)	-0.0108 (0.0125)	0.0098 (0.0077)	-0.0075 (0.0126)
Weeks on Sellaband	-0.0033*** (0.0003)	-0.0041*** (0.0011)	-0.0032*** (0.0003)	-0.0035*** (0.0010)	-0.0030*** (0.0003)
Observations	783,372	78,897	704,475	78,897	704,475
R-squared	0.012	0.039	0.011	0.049	0.020
Number of group	20,826	1,572	19,254	1,572	19,254

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A-31: If geographic information is missing, coded as distant (Survey Sample).

VARIABLES	(1) Invest =1 with NAs	(2) LOCAL	(3) DISTANT or NAs	(4) LOCAL	(5) DISTANT or NAs
\$10-20K accum. capital	0.0113*** (0.0017)	0.0187** (0.0073)	0.0101*** (0.0018)	0.0405*** (0.0073)	0.0135*** (0.0017)
\$20-30K accum. capital	0.0140*** (0.0023)	-0.0045 (0.0095)	0.0144*** (0.0024)	0.0227** (0.0092)	0.0184*** (0.0023)
\$30-40K accum. capital	0.0289*** (0.0027)	-0.0051 (0.0107)	0.0305*** (0.0029)	0.0283*** (0.0105)	0.0349*** (0.0029)
\$40-50K accum. capital	0.0720*** (0.0036)	0.0138 (0.0146)	0.0762*** (0.0038)	0.0449*** (0.0148)	0.0829*** (0.0038)
\$10-20K accum. capital * F&F				-0.0592*** (0.0133)	-0.1186*** (0.0119)
\$20-30K accum. capital * F&F				-0.0663*** (0.0133)	-0.1316*** (0.0117)
\$30-40K accum. capital * F&F				-0.0771*** (0.0136)	-0.1399*** (0.0121)
\$40-50K accum. capital * F&F				-0.0802*** (0.0155)	-0.1746*** (0.0130)
Investor proximate to Live Show	0.0098* (0.0053)	0.0169* (0.0087)	-0.0097 (0.0122)	0.0168* (0.0088)	-0.0075 (0.0123)
Weeks on Sellaband	-0.0002 (0.0001)	0.0008 (.)	-0.0001 (0.0001)	0.0009 (2.5285)	-0.0001 (0.0001)
Observations	454,771	64,188	390,583	64,188	390,583
R-squared	0.015	0.048	0.014	0.050	0.016
Number of group	10,544	1,085	9,459	1,085	9,459

Robust standard errors in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A-32: Distant and local in same regression

VARIABLES	(1) Invest=1	(2) Invest=1
\$10-20K accum. capital	-0.0139*** (0.0046)	0.0118** (0.0049)
\$20-30K accum. capital	-0.0289*** (0.0052)	0.0222*** (0.0063)
\$30-40K accum. capital	-0.0242*** (0.0060)	0.0353*** (0.0087)
\$40-50K accum. capital	-0.0145** (0.0068)	0.0647*** (0.0116)
\$10-20K accum. capital * F&F		-0.0906*** (0.0100)
\$20-30K accum. capital * F&F		-0.1276*** (0.0109)
\$30-40K accum. capital * F&F		-0.1426*** (0.0125)
\$40-50K accum. capital * F&F		-0.1731*** (0.0149)
\$10-20k accum. capital * Distant * F&F		0.0028 (0.0119)
\$20-30k accum. capital * Distant * F&F		-0.0068 (0.0130)
\$30-40k accum. capital * Distant * F&F		-0.0231 (0.0145)
\$40-50k accum. capital * Distant * F&F		-0.0798*** (0.0169)
\$10-20k accum. capital * Distant	0.0357*** (0.0046)	0.0119** (0.0049)
\$20-30k accum. capital * Distant	0.0568*** (0.0050)	0.0103* (0.0062)
\$30-40k accum. capital * Distant	0.0677*** (0.0057)	0.0147* (0.0086)
\$40-50k accum. capital * Distant	0.1024*** (0.0066)	0.0423*** (0.0116)
Investor proximate to Live Show	0.0090 (0.0056)	0.0097* (0.0056)
Weeks on Sellaband	-0.0033*** (0.0003)	-0.0031*** (0.0003)
Observations	709,471	709,471
R-squared	0.013	0.019
Number of group	18,827	18,827

Robust standard errors in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

Table A-33: Distant and local in same regression (Survey Sample).

VARIABLES	(1) Invest=1	(2) Invest=1
\$10-20K accum. capital	-0.0214*** (0.0053)	-0.0065 (0.0054)
\$20-30K accum. capital	-0.0320*** (0.0060)	-0.0124** (0.0060)
\$30-40K accum. capital	-0.0204*** (0.0066)	0.0032 (0.0072)
\$40-50K accum. capital	-0.0075 (0.0079)	0.0146* (0.0083)
\$10-20K accum. capital * F&F		-0.0490*** (0.0131)
\$20-30K accum. capital * F&F		-0.0607*** (0.0134)
\$30-40K accum. capital * F&F		-0.0675*** (0.0137)
\$40-50K accum. capital * F&F		-0.0716*** (0.0157)
\$10-20k accum. capital * Distant * F&F		-0.0644*** (0.0224)
\$20-30k accum. capital * Distant * F&F		-0.0574** (0.0229)
\$30-40k accum. capital * Distant * F&F		-0.0604*** (0.0232)
\$40-50k accum. capital * Distant * F&F		-0.1114*** (0.0272)
\$10-20k accum. capital * Distant	0.0387*** (0.0053)	0.0250*** (0.0054)
\$20-30k accum. capital * Distant	0.0539*** (0.0057)	0.0358*** (0.0058)
\$30-40k accum. capital * Distant	0.0588*** (0.0062)	0.0368*** (0.0069)
\$40-50k accum. capital * Distant	0.1016*** (0.0074)	0.0824*** (0.0080)
Investor proximate to Live Show	0.0138** (0.0056)	0.0138** (0.0056)
Weeks on Sellaband	-0.0002* (0.0001)	-0.0002* (0.0001)
Observations	405,816	405,816
R-squared	0.016	0.017
Number of group	9,451	9,451

Robust standard errors in parentheses  
\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Table A-34: Alternative specifications for F&F

VARIABLES	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)		(10)		
	First Invt LOCAL	First Invt DISTANT	First Invt LOCAL	First Invt DISTANT	First Invt LOCAL	First Invt DISTANT	First Invt LOCAL	First Invt DISTANT	First Invt LOCAL	First Invt DISTANT	First Invt LOCAL	First Invt DISTANT	First Invt LOCAL	First Invt DISTANT	First Invt LOCAL	First Invt DISTANT	First Invt LOCAL	First Invt DISTANT	First Invt LOCAL	First Invt DISTANT	
\$10-20K accum. capital	0.0404*** (0.0069)	0.0244*** (0.0012)	0.0315*** (0.0069)	0.0231*** (0.0012)	0.0352*** (0.0069)	0.0239*** (0.0012)	0.0365*** (0.0068)	0.0239*** (0.0012)	0.0352*** (0.0069)	0.0239*** (0.0012)	0.0365*** (0.0068)	0.0239*** (0.0012)	0.0365*** (0.0068)	0.0239*** (0.0012)	0.0365*** (0.0068)	0.0239*** (0.0012)	0.0365*** (0.0068)	0.0239*** (0.0012)	0.0365*** (0.0068)	0.0239*** (0.0012)	0.0365*** (0.0068)
\$20-30K accum. capital	0.0387*** (0.0093)	0.0366*** (0.0017)	0.0243*** (0.0094)	0.0330*** (0.0017)	0.0339*** (0.0093)	0.0351*** (0.0017)	0.0316*** (0.0090)	0.0330*** (0.0017)	0.0339*** (0.0093)	0.0316*** (0.0090)	0.0316*** (0.0090)	0.0343*** (0.0017)	0.0316*** (0.0090)	0.0343*** (0.0017)	0.0316*** (0.0090)	0.0343*** (0.0017)	0.0316*** (0.0090)	0.0343*** (0.0017)	0.0316*** (0.0090)	0.0343*** (0.0017)	0.0316*** (0.0090)
\$30-40K accum. capital	0.0466*** (0.0114)	0.0576*** (0.0021)	0.0240** (0.0108)	0.0518*** (0.0022)	0.0426*** (0.0114)	0.0550*** (0.0022)	0.0378** (0.0109)	0.0518*** (0.0022)	0.0426*** (0.0114)	0.0378** (0.0109)	0.0378** (0.0109)	0.0536*** (0.0021)	0.0378** (0.0109)	0.0536*** (0.0021)	0.0378** (0.0109)	0.0536*** (0.0021)	0.0378** (0.0109)	0.0536*** (0.0021)	0.0378** (0.0109)	0.0536*** (0.0021)	0.0378** (0.0109)
\$40-50K accum. capital	0.0844*** (0.0143)	0.1220*** (0.0029)	0.0513*** (0.0135)	0.1077*** (0.0028)	0.0706*** (0.0142)	0.1159*** (0.0029)	0.0727*** (0.0136)	0.1077*** (0.0028)	0.0706*** (0.0142)	0.0727*** (0.0136)	0.0727*** (0.0136)	0.1112*** (0.0029)	0.0727*** (0.0136)	0.1112*** (0.0029)	0.0727*** (0.0136)	0.1112*** (0.0029)	0.0727*** (0.0136)	0.1112*** (0.0029)	0.0727*** (0.0136)	0.1112*** (0.0029)	0.0727*** (0.0136)
\$10-20k accum. capital * F&F	-0.0864*** (0.0096)	-0.0782*** (0.0051)	-0.0950*** (0.0105)	-0.0900*** (0.0074)	-0.0887*** (0.0099)	-0.0841*** (0.0056)	-0.0839*** (0.0100)	-0.0900*** (0.0074)	-0.0887*** (0.0099)	-0.0841*** (0.0056)	-0.0839*** (0.0100)	-0.0871*** (0.0063)	-0.0839*** (0.0100)	-0.0871*** (0.0063)	-0.0839*** (0.0100)	-0.0871*** (0.0063)	-0.0839*** (0.0100)	-0.0871*** (0.0063)	-0.0839*** (0.0100)	-0.0871*** (0.0063)	-0.0839*** (0.0100)
\$20-30k accum. capital * F&F	-0.1239*** (0.0106)	-0.1276*** (0.0057)	-0.1319*** (0.0113)	-0.1397*** (0.0080)	-0.1311*** (0.0108)	-0.1341*** (0.0062)	-0.1190*** (0.0109)	-0.1397*** (0.0080)	-0.1311*** (0.0108)	-0.1190*** (0.0109)	-0.1190*** (0.0109)	-0.1349*** (0.0071)	-0.1190*** (0.0109)	-0.1349*** (0.0071)	-0.1190*** (0.0109)	-0.1349*** (0.0071)	-0.1190*** (0.0109)	-0.1349*** (0.0071)	-0.1190*** (0.0109)	-0.1349*** (0.0071)	-0.1190*** (0.0109)
\$30-40k accum. capital * F&F	-0.1419*** (0.0126)	-0.1576*** (0.0060)	-0.1426*** (0.0127)	-0.1706*** (0.0084)	-0.1534*** (0.0128)	-0.1635*** (0.0065)	-0.1359*** (0.0125)	-0.1706*** (0.0084)	-0.1534*** (0.0128)	-0.1359*** (0.0125)	-0.1359*** (0.0125)	-0.1656*** (0.0075)	-0.1359*** (0.0125)	-0.1656*** (0.0075)	-0.1359*** (0.0125)	-0.1656*** (0.0075)	-0.1359*** (0.0125)	-0.1656*** (0.0075)	-0.1359*** (0.0125)	-0.1656*** (0.0075)	-0.1359*** (0.0125)
\$40-50k accum. capital * F&F	-0.1830*** (0.0152)	-0.2512*** (0.0066)	-0.1757*** (0.0152)	-0.2584*** (0.0089)	-0.1848*** (0.0156)	-0.2574*** (0.0071)	-0.1761*** (0.0150)	-0.2584*** (0.0089)	-0.1848*** (0.0156)	-0.2574*** (0.0071)	-0.2574*** (0.0071)	-0.2509*** (0.0079)	-0.1761*** (0.0150)	-0.2509*** (0.0079)	-0.1761*** (0.0150)	-0.2509*** (0.0079)	-0.1761*** (0.0150)	-0.2509*** (0.0079)	-0.1761*** (0.0150)	-0.2509*** (0.0079)	-0.1761*** (0.0150)
Investor proximate to Live Show	0.0088 (0.0077)	-0.0064 (0.0158)	0.0094 (0.0077)	-0.0063 (0.0157)	0.0088 (0.0077)	-0.0066 (0.0158)	0.0097 (0.0077)	-0.0063 (0.0157)	0.0088 (0.0077)	-0.0066 (0.0158)	0.0097 (0.0077)	-0.0065 (0.0158)	0.0097 (0.0077)	-0.0065 (0.0158)	0.0097 (0.0077)	-0.0065 (0.0158)	0.0097 (0.0077)	-0.0065 (0.0158)	0.0097 (0.0077)	-0.0065 (0.0158)	0.0097 (0.0077)
Weeks on Sellaband	-0.0035*** (0.0011)	-0.0029*** (0.0003)	-0.0035*** (0.0010)	-0.0030*** (0.0003)	-0.0035*** (0.0011)	-0.0030*** (0.0003)	-0.0035*** (0.0011)	-0.0030*** (0.0003)	-0.0035*** (0.0011)	-0.0030*** (0.0003)	-0.0035*** (0.0011)	-0.0030*** (0.0003)	-0.0035*** (0.0011)	-0.0030*** (0.0003)	-0.0035*** (0.0011)	-0.0030*** (0.0003)	-0.0035*** (0.0011)	-0.0030*** (0.0003)	-0.0035*** (0.0011)	-0.0030*** (0.0003)	-0.0035*** (0.0011)
Observations	78,897	630,574	78,897	630,574	78,897	630,574	78,897	630,574	78,897	630,574	78,897	630,574	78,897	630,574	78,897	630,574	78,897	630,574	78,897	630,574	78,897
R-squared	0.048	0.021	0.048	0.018	0.049	0.020	0.048	0.018	0.049	0.020	0.048	0.018	0.049	0.020	0.048	0.018	0.049	0.020	0.048	0.018	0.049
Number of group	1,572	17,255	1,572	17,255	1,572	17,255	1,572	17,255	1,572	17,255	1,572	17,255	1,572	17,255	1,572	17,255	1,572	17,255	1,572	17,255	17,255

Robust standard errors in parentheses  
\*\*\* p<0.01, \*\* p<0.05, \* p<0.1