Online Appendix for

"The Salience of Entrepreneurship: Evidence from Online Business"

Yi Huang, Chen Lin, Sibo Liu, Gustavo Manso

Table of Contents

A. Store Rating System on the Online Platform

Rating Score	Level
1	1 heart
2	2 hearts
3	3 hearts
4	4 hearts
5	5 hearts
6	1 crystal
7	2 crystals
8	3 crystals
9	4 crystals
10	5 crystals
11	1 crown
12	2 crowns
13	3 crowns
14	4 crowns
15	5 crowns
16	1 gold crown
17	2 gold crowns
18	3 gold crowns
19	4 gold crowns
20	5 gold crowns

Note: This table provides a summary of the store rating system.

B. Rural vs. Urban Areas

Panel A. Example of the City of Wenzhou

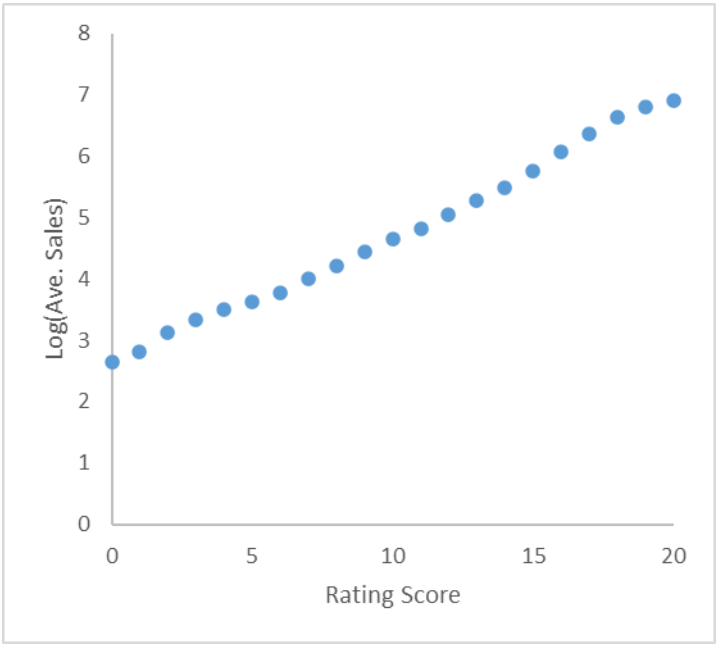
Panel B. Rural vs. Urban: Performance and Demographics

	Urban	Rural		
Number of Stores	2,091,294	1,416,528		
Number of Store-months	35,686,721	22,883,342		
	Mean		Difference	p-value
Sales (RMB)	10965.97	8712.29	2253.67	<0.001
Rating	3.91	3.57	0.33	<0.001
Female	0.47	0.43	0.04	<0.001

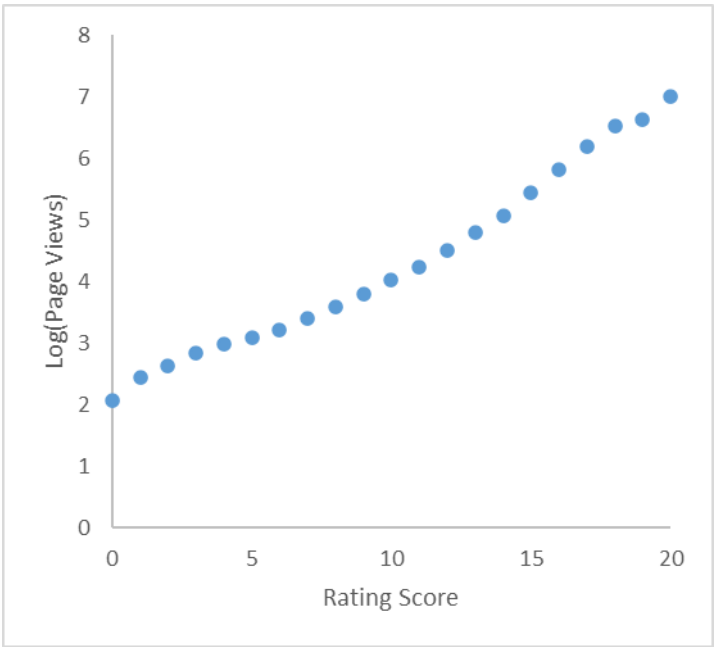
Note: This appendix provides illustrative examples from both rural and urban areas in China. Panel A presents an example from the city of Wenzhou in Zhejiang Province. The city is administratively divided into counties, which are further subdivided into subdistricts (jiedao), towns (zhen), and townships (xiang). In our analysis, we broadly classify towns and townships as rural areas. Panel B highlights differences in performance and demographic characteristics between stores located in urban and rural areas.

C. Performance by Rating

Panel A. Store Ratings vs. Sales



Panel B. Store Ratings vs. Page Views



Note: This figure shows the relationship between store ratings and performance, measured by sales and web page views. Panel A presents the average monthly sales, while Panel B presents the average monthly page views for stores with different ratings. The vertical axis displays values in logarithmic terms.

D. Store Product Classifications

Product Name	College Percentage
Agricultural & Industrial	0.177
Automotive & Transport	0.134
Baby & Kids	0.161
Beauty & Personal Care	0.192
Books & Media	0.199
Clothing	0.177
E-commerce & Digital Services	0.242
Education & Training	0.328
Electronics	0.168
Fashion & Accessories	0.181
Food & Beverages	0.192
Gaming & Virtual Goods	0.200
Health & Wellness	0.188
Home & Living	0.139
Kitchen & Appliances	0.154
Local Services	0.215
Miscellaneous	0.230
Office & Business Equipment	0.110
Real Estate Services	0.146
Shoes	0.173
Sports & Outdoor	0.163

Note: This table presents the product classifications used in this study. Column (1) shows the product names and Column (2) reports the percentage of store owners with a college degree within each product category.

E. Additional Tables

Table A1. Store Rating Summary

Panel A. Distribution of the Raw Sample Store in Two Months by Rating

Rating Score	Rating Name	Number of Stores	
		August 2014	August 2015
0	no rating	393,637	302,154
1	1 heart	147,843	130,662
2	2 hearts	295,325	268,488
3	3 hearts	211,068	201,334
4	4 hearts	132,150	128,806
5	5 hearts	124,698	124,457
6	1 crystal	178,950	183,708
7	2 crystals	146,022	157,834
8	3 crystals	117,211	132,124
9	4 crystals	112,765	133,763
10	5 crystals	54,342	67,346
11	1 crown	36,501	45,615
12	2 crowns	25,053	32,368
13	3 crowns	8,165	10,945
14	4 crowns	3,527	5,021
15	5 crowns	1,635	2,355
16	1 gold crown	392	569
17	2 gold crowns	127	208
18	3 gold crowns	50	68
19	4 gold crowns	16	27
20	5 gold crowns	1	4

Table A1. Store Rating Summary (Continued)

Panel B. Rating Changes of Rural Incumbent Stores

Rating (t) - Rating (t-1)	Frequency	Percent
-11	3	0
-10	3	0
-9	11	0
-8	31	0
-7	52	0
-6	105	0
-5	131	0
-4	224	0
-3	188	0
-2	234	0
-1	1,095	0.01
0	16,108,832	96.36
1	556,564	3.33
2	38,156	0.23
3	7,653	0.05
4	2,276	0.01
5	871	0.01
6	507	0
7	199	0
8	88	0
9	51	0
10	21	0
11	24	0
12	1	0

Note: Panel A shows the distribution of store ratings in the raw sample of stores on the platform in August 2014 and August 2015. Panel B summarizes rating change events (upgrades and downgrades). The first column of Panel B reports changes in rating levels from month $t-1$ to month t. Our baseline sample is constructed from stores that experienced upgrade events in the grey-shaded areas with essential information.

Table A2. Robustness Checks

	(1)	(2)	(3)	(4)	(5)	(6)
	Local banks	Exclude Low Performance Upgrade Stores	Local trust	Exclude stores with initial inactive month	SE(Neighborhood, Month)	SE(City, Month)
Upgrade × D[<0.3km]	0.055**	0.056***	0.071***	0.059***	0.059***	0.059***
	[2.27]	[2.84]	[2.82]	[2.66]	[3.36]	[3.56]
Upgrade × D[<0.3km] × Local banks	0.001					
	[0.25]					
Upgrade × D[<0.3km] × Local trust high			-0.038			
			[-0.93]			
N [full sample]	189,405,125	170,465,750	171,596,422	189,405,125	189,405,125	189,405,125
N [drop singletons/separations]	3,599,013	3,241,245	3,185,663	2,664,068	3,599,013	3,599,013
Pseudo R2	0.201	0.201	0.201	0.182	0.201	0.201
Event-Grid FEs	YES	YES	YES	YES	YES	YES
Neighborhood-Month FEs	YES	YES	YES	YES	YES	YES

Note: This table presents robustness checks for the main estimation. Column (1) considers the effect of the number of local bank branches within a 1 km radius of the event store. Column (2) reports results based on a restricted sample that excludes upgrade stores whose sales growth falls in the bottom 10th percentile during the three-month period following the upgrade event. Column (3) examines the role of local trust. *Local trust high* is a binary indicator equal to one for provinces with above-median trust levels, as measured by the 2015 Chinese General Social Survey (CGSS). This measure is constructed by aggregating individual responses at the province level. Column (4) re-estimates the baseline model, excluding stores that are internally labeled as inactive by the platform in the first month after entry. Columns (5) and (6) report results using standard errors double-clustered at the neighborhood and month level, and the city and month level, respectively. Other methodological practices follow the conventions used in Column (3) of Table 3.

Table A3. Alternative Samples

	(1)	(2)
	Entry	
	Urban sample	Downgrade sample
Upgrade × D[<0.3km]	0.008	
	[0.51]	
Downgrade × D[<0.3km]		-0.065*
		[-1.83]
N [full sample]	96,805,800	4,338,425
N [drop singletons/separations]	5,476,604	579,252
Pseudo R2	0.228	0.511
Event-Grid FEs	YES	YES
Neighborhood-Month FEs	YES	YES

Note: This table presents tests using alternative samples. Column (1) shows falsification results based on a sample of store rating upgrade events in urban areas. The sample includes 96,805,800 event-grid-month observations, encompassing 42,552 upgrade events in urban areas of China between August 2014 and August 2016. Similar to the baseline sample, the analysis is restricted to cases where no other upgrade events occur within a 1 km radius during the same month. If a store experiences multiple upgrade events, only the first one during the sample period is retained. Column (2) presents the effect of rating downgrade events on entry behavior. This sample includes 4,338,425 event-grid-month observations, covering 1,907 downgrade events. Downgrade events that coincide with upgrade events within a 1 km radius during the same month are excluded. Other methodological practices follow the conventions used in Column (3) of Table 3.

Table A4. Birthplace

	(1) Entry [same birthplace]	(2) Entry [different birthplace]
Upgrade × D[<0.3km]	0.101***	0.015
	[3.24]	[0.56]
H0: beta1=beta2	p-value<0.01	
N [full sample]	189,405,125	189,405,125
N [drop singletons/separations]	1,322,735	1,933,033
Pseudo R2	0.159	0.186

Note: This table shows the effect of a store upgrade event on entry behavior in the nearby neighborhood, differentiated by owner birthplace. Column (1) reports the effect on newly registered stores owned by individuals who share the same birthplace as the owner of the upgraded store. Column (2) shows the number of newly registered stores owned by individuals with different birthplaces. Birthplace is inferred from the Hukou address at the county level, based on identity information provided by the platform. Other methodological practices follow the conventions used in Table 5.

F. Additional Figures

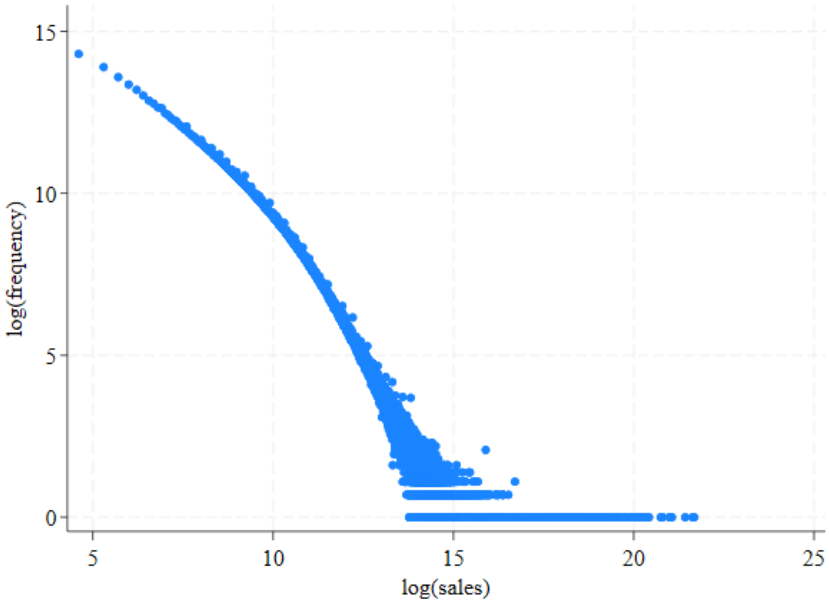


Figure A1. Density of Store Sales

Note: This figure displays the frequency density of store sales on a log-log scale.

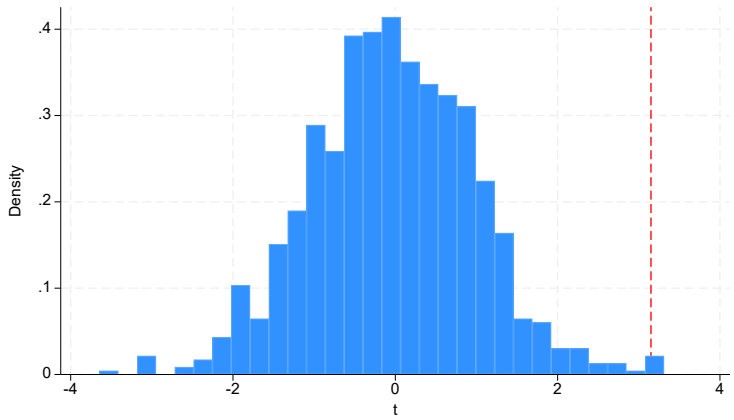


Figure A2. Falsification Tests based on Randomized Samples

Note: This figure presents the results of a permutation test using 1,000 randomizations of the variable of interest in the baseline model specification (Column (3), Table 3). The density distribution of the resulting *t*-values is plotted.