



CIRANO

*Allier savoir et décision*

# Consumer Mobility, Online and On-site Commerce and the Geographic Concentration of Economic Activity: Evidence from 20 Billion Transactions

DAVID BOUNIE

YOUSOUF CAMARA

JOHN W. GALBRAITH

2021S-17  
CAHIER SCIENTIFIQUE

CS

The purpose of the **Working Papers** is to disseminate the results of research conducted by CIRANO research members in order to solicit exchanges and comments. These reports are written in the style of scientific publications. The ideas and opinions expressed in these documents are solely those of the authors.

*Les cahiers de la série scientifique visent à rendre accessibles les résultats des recherches effectuées par des chercheurs membres du CIRANO afin de susciter échanges et commentaires. Ces cahiers sont rédigés dans le style des publications scientifiques et n'engagent que leurs auteurs.*

**CIRANO** is a private non-profit organization incorporated under the Quebec Companies Act. Its infrastructure and research activities are funded through fees paid by member organizations, an infrastructure grant from the government of Quebec, and grants and research mandates obtained by its research teams.

*Le CIRANO est un organisme sans but lucratif constitué en vertu de la Loi des compagnies du Québec. Le financement de son infrastructure et de ses activités de recherche provient des cotisations de ses organisations-membres, d'une subvention d'infrastructure du gouvernement du Québec, de même que des subventions et mandats obtenus par ses équipes de recherche.*

#### **CIRANO Partners – Les partenaires du CIRANO**

##### **Corporate Partners – Partenaires corporatifs**

Autorité des marchés financiers  
Bank of Canada  
Bell Canada  
BMO Financial Group  
Business Development Bank of Canada  
Caisse de dépôt et placement du Québec  
Desjardins Group  
Énergir  
Hydro-Québec  
Innovation, Science and Economic Development Canada  
Intact Financial Corporation  
Manulife Canada  
Ministère de l'Économie, de la Science et de l'Innovation  
Ministère des finances du Québec  
National Bank of Canada  
Power Corporation of Canada  
PSP Investments  
Rio Tinto  
Ville de Montréal

##### **Academic Partners – Partenaires universitaires**

Concordia University  
École de technologie supérieure  
École nationale d'administration publique  
HEC Montréal  
McGill University  
National Institute for Scientific Research  
Polytechnique Montréal  
Université de Montréal  
Université de Sherbrooke  
Université du Québec  
Université du Québec à Montréal  
Université Laval

CIRANO collaborates with many centers and university research chairs; list available on its website. *Le CIRANO collabore avec de nombreux centres et chaires de recherche universitaires dont on peut consulter la liste sur son site web.*

© April 2021. David Bounie, Youssouf Camara, John W. Galbraith. All rights reserved. *Tous droits réservés.* Short sections may be quoted without explicit permission, if full credit, including © notice, is given to the source. *Reproduction partielle permise avec citation du document source, incluant la notice ©.*

The observations and viewpoints expressed in this publication are the sole responsibility of the authors; they do not necessarily represent the positions of CIRANO or its partners. *Les idées et les opinions émises dans cette publication sont sous l'unique responsabilité des auteurs et ne représentent pas nécessairement les positions du CIRANO ou de ses partenaires.*

# Consumer Mobility, Online and On-site Commerce and the Geographic Concentration of Economic Activity: Evidence from 20 Billion Transactions \*

*David Bounie* <sup>†</sup>, *Youssef Camara* <sup>‡</sup>, *John W. Galbraith* <sup>§</sup>

## Abstract

The geographical pattern of consumers' expenditures, whether made on-site or online, has implications for the location of economic activity and regional economic development. Data limitations have however limited our knowledge of this aspect of consumer behaviour. This paper uses transaction data to investigate such geographical patterns, and the impact of online commerce on these and on inter-regional retail trade linkages between cities and regions. We build original mobility and inter-regional retail trade measures from nearly 20 billion domestic consumer transactions made through bank cards, in France 2018-19. We find evidence that online consumer expenditure are more heavily concentrated in the already-large regional economies, relative to on-site expenditure, which suggests that the increasing movement toward online purchasing tend to increase the concentration of overall economic activity, and may have important implications for regional economic development.

**Keywords:** Consumption Expenditure, Consumer Mobility, Inter-Regional Trade, Ecommerce

## Résumé

La répartition géographique des dépenses des consommateurs, qu'elles soient effectuées dans les commerces physiques ou en ligne, a des répercussions sur la localisation de l'activité économique et le développement économique régional. Le manque de données a toutefois limité notre connaissance de la répartition géographique des dépenses des consommateurs. Cet article utilise des données de transaction par carte bancaire pour étudier l'impact du commerce en ligne sur les comportements de dépense des consommateurs et sur les liens commerciaux entre les villes et les régions. Nous construisons des mesures originales de mobilité des consommateurs et de liens commerciaux entre villes et régions en utilisant près de 20 milliards de transactions par cartes bancaires en France sur la période 2018-19. Nous montrons que les dépenses de consommation en ligne par rapport à celles réalisées dans les commerces physiques sont plus fortement concentrées dans les économies régionales de taille importante, ce qui suggère que la croissance du commerce électronique tend à augmenter la concentration de l'activité économique globale, et peut avoir des implications importantes pour le développement économique régional.

**Mots-clés :** Dépenses de consommation, Mobilité des consommateurs, Commerce interrégional, Commerce électronique

---

\* This research has been made possible by the collaboration of Groupement des Cartes Bancaires CB, and was conducted within the Research Chair "Digital Finance" under the aegis of the Risk Foundation, a joint initiative by Groupement des Cartes Bancaires CB, Telecom Paris and University of Paris 2 Panthéon-Assas. We would like to thank Philippe Durand, Ludovic Francesconi, Katérina Levallois, Ngo van Long, Loys Moulin, and Samuel Willy for their helpful comments on earlier versions of the paper.

<sup>†</sup> i3, CNRS, Telecom Paris, Institut Polytechnique de Paris; Email: david.bounie@telecom-paris.fr.

<sup>‡</sup> i3, CNRS, Telecom Paris, Institut Polytechnique de Paris; Email: yocamara@telecom-paris.fr.

<sup>§</sup> Department of Economics, McGill University; CIREQ, CIRANO; Email: john.galbraith@mcgill.ca.

# 1 Introduction

The study of commercial relations among countries or regions has been a classic and rich research theme in international economics since the pioneering work of [Tinbergen \(1962\)](#) and [Linneman \(1966\)](#). These studies use gravity-type equations and data on shipments of goods by establishments to investigate the determinants of international and regional trade patterns. The results of these and many subsequent studies show that distance, despite technological progress in transportation and communications, continues to be an important explanatory factor in inter-regional and international trade.

Producers, wholesalers and retailers are nonetheless not the only economic agents playing a role in external goods purchases. Consumers also move outside their home regions, often making purchases in neighbouring regions as they do so, not only of goods but also of services; these activities are not well captured by traditional measures based on deliveries of goods among businesses. Since household consumption represents a significant part of national income, typically more than 50%, understanding these final-consumption purchases is a potentially important element in our understanding of interregional trade.

What, then, is known about the mobility of consumers and the commercial relations that they undertake in other cities, regions or countries? Economists have in fact little knowledge of consumer mobility, as traditional macroeconomic data sources do not contain precise, localized data on individual consumption expenditures. It is therefore difficult to study how consumer mobility affects local economies and the commercial relations between cities and regions within a country.

Understanding consumer mobility and its effects on regional or national economies is important for a number of specific reasons. Currently, for example, the global pandemic and induced restrictions on the movements of consumers have affected individuals' expenditures outside the home region. Towns or regions which depend relatively heavily on expenditures of visitors from outside have been relatively heavily affected ([Bounie et al., 2020](#)); deeper knowledge of the consumption changes brought about by reduced mobility may permit better design of policy for regional economic development. Secondly, the importance of purchases undertaken when consumers move outside the home region varies substantially across sectors, and there is evidence that in economic sectors where travel frictions matter relatively more, employment tends to be more highly concentrated, and

establishments more dense (Agarwal et al., 2019a). Thirdly, online purchases have become an increasingly important factor in aggregate consumption. The convenience of online commerce has clearly led consumers to prefer this mode of purchase for many goods, travelling less frequently to physical stores (Gentzkow, 2007; Pozzi, 2013). But geographical location still continues to play a key role in online commerce for a large number of physical goods because they need to be locally delivered by retailers, or because (particularly in the case of cross-border commerce) there may be information frictions (see for instance Rauch, 1999; Huang, 2007; Head and Mayer, 2014; Allen, 2014; Chaney, 2018). The change in consumer mobility due to the development of online commerce has nonetheless modified the geography of economic activities, and thus the economic relations between regions.

The objective of this article is to improve our understanding of these effects by measuring the movements of individual consumers, building consumer mobility and expenditure indicators to estimate trade relationships among cities and regions, and estimating the impact of online commerce on consumer mobility and these inter-regional trade relationships.

To do so, we use one of the richest data set that has been made available to researchers, consisting of the set of card payments made on approximately 70 million bank cards in France, over the two-year period 2018-19, totaling nearly 20 billion transactions. The detailed information on timing and location of the transaction, the nature of the merchant, and the type of purchase, i.e. online or off-line,<sup>1</sup> allows us to contrast the patterns of consumption observable in each of these two classes of consumer payment. Individual cardholders' movements are tracked via the distances between distinct geographical purchasing locations, and we are able to impute a home location for each individual. With this information we are able to estimate the number of distinct geographical locations visited, as well as the number and value of the cardholder's home (city or département) or away-from-home transactions.<sup>2</sup> The measures are then used to construct inter-city or inter-département retail trade volume and value. The measures of mobility or trade relations between geographical areas can be applied to off-line or online trade, since all retailers' geographical locations can be identified, and online and off-line purchases are indicated separately in the transaction data. Although the consumer does not physically move in the course of an online transaction, goods may be delivered, or ordered online and consumed on site (e.g., hotel

---

<sup>1</sup>By 'off-line' we will mean on-site or 'point-of-sale' transactions.

<sup>2</sup>Excluding overseas territories, France is divided into 95 administrative regions known as 'départements', which will be important units of analysis in the present study.

stays); the product identification codes embodied in the data allow us to distinguish some such types of purchase. Finally, with these measures of inter-regional retail trade, we are able to estimate online and off-line gravity models.

A number of specific results emerge from the analysis of these billions of payment card transactions. (1) Perhaps surprisingly, we find that a card ‘travels’ out of the home region on average less online than off-line; in each case there is a high degree of dispersion of the degree of mobility across individuals. Online transactions are also on average more concentrated on a smaller number of cities and merchants. (2) The distance between départements is a strongly negative predictor of off-line volume and value of trade, but disaggregation by sector reveals that the distance has no significant effect in sectors where goods are delivered to consumers, such as appliances. As well (3), the size of the ‘exporting’ département’s economy has a much larger effect with online than with traditional in-store sales. This result suggests that the increasing movement toward online purchasing may tend to increase the concentration of economic activity: that is, consumer expenditure moves further toward the already-large regional economies as online sales come to represent a larger fraction of total expenditure. Finally (4), at the level of cities, proximity between cities is a much smaller factor in explaining online trading relationships than among départements or regions: the estimated parameter on the size of the economy from which the purchase is made is still positive but three times lower than that observed in the inter-département analysis.

Our results contribute to the economic literature on three dimensions. First of all, economists have had very little information about the movements of individual consumers throughout a country, and the distribution of the degree of mobility across the population. This paper is one of the very first to measure consumer mobility, and the resulting shifting of inter-regional economic activity through online commerce, in a large and representative national data set with broad coverage of consumers, firms, and types of transaction.

Secondly, recent work by [Agarwal et al. \(2019a\)](#) studies consumer mobility across purchasing locations, to investigate the local structure of consumption industries. Using credit card transaction data, they find that consumer mobility varies substantially across sectors, and that where travel frictions are expected to matter relatively more, employment tends to be more highly concentrated, and establishments more dense. However, this study does not make a distinction between off-line and online commerce which, as we will show

here, have different implications for consumer mobility across purchasing locations and for the resulting concentration of economic activity. Generalizing the approach developed by [Agarwal et al. \(2019a\)](#), we therefore investigate not only consumer mobility across locations, but also how consumer mobility and the online vs. off-line distinction can affect trade relationships between cities and regions.

Thirdly, a large literature analyzes the ways in which geographic frictions reduce inter-regional trade in (durable) goods between establishments or consumers. [McCallum \(1995\)](#), [Wolf \(2000\)](#), [Anderson and van Wincoop \(2003\)](#), and [Hillberry and Hummels \(2008\)](#) for example have tested the impact of distance and national boundaries on interstate commerce in the United States and Canada, using aggregate and regional statistics on shipments between establishments. While the very large border effects found in McCallum's early study have tended to be scaled back in subsequent work, evidence that national borders matter appears to be robust. Using a sample of within-US eBay online transactions, [Hortaçsu et al. \(2009\)](#) show also that the coefficient on distance is much smaller on eBay than for total trade flows. The study is however limited to the analysis of transactions between individuals, and to online auctions related to products that are mainly durables. [Lendle et al. \(2016\)](#) extend the previous work and also use a sample of cross-border eBay transactions but exclude all transactions that were concluded via auctions as well as those sold by consumers, so that the eBay data resemble off-line trade practices. The present article departs from this literature by proposing new and original inter-city and inter-regional retail trade measures from a massive and detailed set of consumer online and off-line transactions that capture the entire basket of goods, and also services, traded online and on-site between consumers and retailers. Conversely to the aforementioned studies, we find that the distance has no significant effect in sectors where goods are purchased online and delivered to consumers.

The remainder of the paper is structured in four sections. Section 2 describes the data, and the French payment card market, in detail. Section 3 describes geographical patterns at the level of the individual, including the nature of consumers' movements and purchases outside the home region. Section 4 uses aggregated data to examine trade links between regions of France, primarily using gravity models of inter-regional retail trade. The patterns observable in online and on-site expenditures are compared and contrasted. Section 5 summarizes our conclusions and discusses further research directions to be pursued using data of this type.

## 2 Bank card data

### 2.1 An overview of bank card transactions data

Transactions data from bank cards have been used for a number of purposes in the existing literature, exploiting several key characteristics not present in official statistical agency data: in particular, the fact that they are available at a higher frequency or granularity (at least a daily aggregate, and often at the level of individual transactions), and more rapidly (possibly the next business day following a transaction, as opposed to weeks or as much as two months for official data). Such data have for example facilitated the study of financial innovation and consumer choice of payment method (Agarwal et al., 2019a,b; Lendle et al., 2016; Bounie and Camara, 2019; Wang and Wolman, 2016), the response of consumption to income shocks or other exogenous events (Agarwal and Qian, 2014; Galbraith and Tkacz, 2013)), and near-real-time economic monitoring (Galbraith and Tkacz, 2018; Carlsen and Storgaard, 2010).

Transactions data are typically recorded with a very high degree of accuracy<sup>3</sup> as well as detail. With respect to real-time monitoring of the economy, they suffer from the disadvantage of omitting some elements of national income; there is little coverage of investment, government expenditure, or exports. However, from the point of view of the study of consumption and consumer behaviour, this difficulty is largely absent, except to the extent that cash transactions may differ in character from card payments.

The latter is the focus of the present study, and for this purpose the bank card data used here are very well adapted. This data set is exceptional in the literature in a number of ways: it offers very wide coverage of consumers throughout France, leading to the sample of observed transactions of about 20 billion, substantially larger than the sample size in almost any comparable study (a rare exception being Dolfen et al. (2019)). In the next subsections we describe the features of these data.

### 2.2 The *Cartes Bancaires CB* data and French payment card market

France is a country with a mature bank card (*carte bancaire*) market. *Cartes Bancaires CB* is the leading domestic scheme, created by the French banks in 1984, which by 2019 had

---

<sup>3</sup>Galbraith and Tkacz (2018) compared interbank payments sent and received by major banks in approximately 75 million transactions over more than 10 years of data aggregated to the daily frequency, and found no discrepancies.

more than 100 members (Payment Service Providers, banks and e-money institutions).

As of 2018 there were 70.4 million CB cards in use in the CB system, and 1.77 million CB affiliated merchants (CB, 2018). CB cards can be immediate-debit cards, but also deferred-debit cards ('charge cards' that require the balance to be paid in full each month), or credit cards (cards with a credit line). A peculiarity of the French card market is that merchants who accept CB cards will make no distinction between debit cards and the other types.

Our sample comprises 9.2 and 10.7 billion transactions on CB cards in 2018 and 2019 respectively, for a total value of about €376 and €427 billion, i.e. 340 transactions, or €13,530, per second in 2019. In the rest of this paper, we focus on this representative set of transactions. We observe each of these transactions very precisely. A transaction is characterized by its value, the date of the transaction (we have two dates; actual transaction date and settlement date), the time of day recorded to the second, the type of payment card (debit / credit / prepaid), the geographical location of the merchant, the statistical classification of the type of purchase, and the type of purchasing channel used during the transaction, i.e. off-line or online. Note that the geographical location of online merchants is self-reported, and may be the location of a head office or major warehouse.

A summary of descriptive statistics is provided in Table 1.

Table 1: Summary of descriptive statistics

|  | Mean | Q1 | Median | Q3 | St.Dev. | Obs.<br>(billion) | Sum<br>(billion €) |
|--|------|----|--------|----|---------|-------------------|--------------------|
| <b>PANEL A: Transaction values in 2018</b> |      |    |        |    |         |                   |                    |
| All  | 41   | 10 | 22     | 45 | 96      | 9.21              | 376.35             |
| Off-line                                   | 38   | 10 | 21     | 42 | 79      | 7.98              | 299.30             |
| Online                                     | 62   | 10 | 25     | 59 | 168     | 1.23              | 77.05              |
| <i>Share of Online (%)</i>                 |      |    |        |    |         | 13.4%             | 20.5%              |
| <b>PANEL B: Transaction values in 2019</b> |      |    |        |    |         |                   |                    |
| All  | 40   | 10 | 20     | 43 | 96      | 10.72             | 426.79             |
| Off-line                                   | 36   | 10 | 20     | 41 | 78      | 9.20              | 334.09             |
| Online                                     | 61   | 10 | 24     | 57 | 167     | 1.52              | 92.70              |
| <i>Share of Online (%)</i>                 |      |    |        |    |         | 14.2%             | 21.7%              |

Notes: This table reports the summary of descriptive statistics of card transaction values in 2018 and 2019. Q1, Median and Q3 represent the first, second and third quartiles of transaction values (in euro).

This data set is exceptional in its coverage, allowing us to capture a significant propor-

tion of consumer expenditure in France. To appreciate the richness of the data set, consider a few comparisons with national statistics provided by the National Institute of Statistics and Economic Studies (INSEE). GDP in France in 2018<sup>4</sup> was estimated as € 2,350 billion, with € 1,221 billion (52 percent of GDP) representing household consumption expenditure. Excluding fixed charges (rents, financial services, insurances) from household consumption expenditure, as these are typically paid by direct debits and credit transfers, the remaining part of consumer expenditure amounts to € 802 billion (34 percent of GDP). Comparing these figures with total CB card payments (€ 376 billion), the value of CB card payments represents 16 percent of the French GDP, 31 percent of the total household consumption expenditure, and finally 47 percent of total household consumption expenditure excluding fixed charges.

In comparison with previous studies such as that of [Agarwal et al. \(2019a\)](#), our data set reflects to a greater degree the current use of the internet for consumers' transactions. As illustrated in [Table 1](#), the share of online consumer spending in 2019 amounted to 14.2% by volume (number of transactions) and 21.7% by value, an increase of about 0.8 (volume) and 1.2 (value) percentage points with respect to 2018. These figures are in line with recent US studies that estimate the online share of overall retail sales at 10% ([Dolfen et al., 2019](#)). The proportion of cards that make at least one online transaction during the calendar year is 66% in 2018 data, and 67% in 2019, while 17% of merchants report making online sales in each of these years. Given the rapid increase in online activities, we compare off-line and online transactions throughout the present study.

A visual comparison of the aggregate values of these activities is given in [Figure 1](#), which displays the distribution by city of aggregate online and off-line transaction values, as proportions of total transaction value. We observe that online transaction values are much more concentrated in certain départements, especially around Paris, compared with off-line transaction values which are widely dispersed. We will return to this point below.

---

<sup>4</sup>We use 2018 national statistics because 2019 statistics are not yet available.

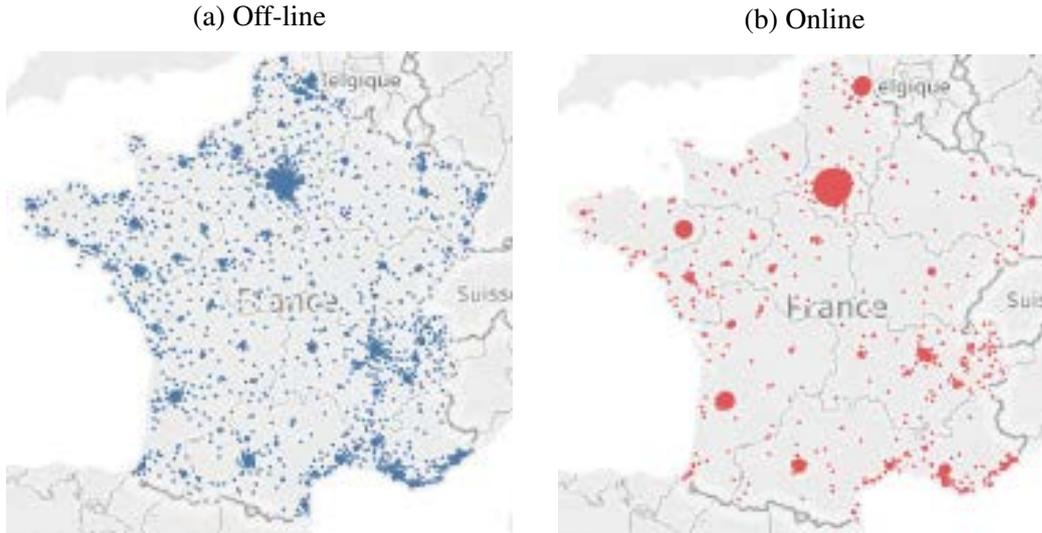


Figure 1: Spatial distribution of aggregate off-line and online transaction values, as shares of total transacted value, by city

### 3 Consumer mobility and external transactions

We now examine consumer mobility, which underlies much inter-regional retail purchasing, and both on-site and online expenditure outside the home city or département. We begin by measuring the distance in kilometres that each card travels between cities in the course of on-site transactions. We then study consumer mobility across cities and départements via the locations of on-site transactions, characterize the relationship between consumer spending and measures of mobility, and analyze home-département and external ('away') expenditure patterns, online and offline.

#### 3.1 Consumer mobility across cities and départements

A simple way to estimate consumer mobility is to calculate, for each card, the total distance traveled between payments made at locations in different administrative divisions such as cities and départements. This measure requires more information than that documented by [Agarwal et al. \(2019a\)](#); in particular, we need precise information on merchants' locations. Fortunately, each transaction in our data contains a merchant identification number, a code which gives the precise postal address of the merchant including the postal code, which we use at the five-digit level.

For each card, we measure the geographical distance between two on-site payments

carried out in different cities, using the Haversine distance formula.<sup>5</sup> Let  $i$  index transactions on card  $j$ , and let  $c_i$  be the location of the centroid of the city where transaction  $i$  took place, so that we can define  $d(c_i, c_{i+1})$  as the Haversine distance between the city centres for two consecutive transactions; if these take place in the same city then  $d(c_i, c_{i+1}) = 0$ . To compute this distance, we use the longitude and latitude coordinates.<sup>6</sup> Finally the annual inter-city distance travelled by card  $j$  is measured as:

$$t_j = \sum_{i=1}^{n_j} d(c_i, c_{i+1}), \quad (1)$$

where there are  $n_j$  on-site transactions within the observation period on card  $j$ . This method of calculation is conservative, since cards can be used for example in different places within the 5-digit postal code, but should provide a reasonably fine approximate measure of inter-regional consumer movement.<sup>7</sup> Note that for this purpose we treat off-line (on-site) purchases only: in online transactions, the distances between merchant locations in successive transactions do not have an interpretation as consumer movements, nor as movements of goods. Nonetheless, we are able to measure the numbers of cities or départements in which off-line transactions occur, and measure transactions external to the home département.

Figures 2a and 2b display different views of the distribution of this measure of the distances traveled by 20.3 million cards, within Metropolitan France in 2019.<sup>8</sup> Results on the 2018 data are very similar, and throughout this section we present only 2019 results for brevity. The horizontal axes indicate the interval of distances travelled, e.g. cards travelling between 90 and 100 km, while the vertical axis in each figure indicates the proportion of the cards in the given interval. In Figure 2a observations are aggregated into intervals of 10 km, although exact zeroes are shown separately; over 1 million cards show zero distance travelled. Total annual distances in the 10-30 km range are the most common, apart from zero. Figure 2b plots intervals of 1000 km, and we see a regular pattern of decay through the interval up to approximately 100,000 km travelled. Approximately 26% of cards travelled less than one thousand kilometres, but over 19% traveled a distance

<sup>5</sup>Note that this method computes shortest distances between points on a sphere, as opposed to using road or rail network information.

<sup>6</sup>The data can be retrieved at the following [address](#).

<sup>7</sup>Payment cards in the French CB system are unique to the individual; multiple cards with the same number (e.g. for parent and child) are not issued, although this may be possible in some other jurisdictions.

<sup>8</sup>We exclude overseas territories, and take a sample of valid cards over the period. In order to make cards comparable, we randomly select and focus on cards valid throughout the year 2019.

greater than 10,000 km.<sup>9</sup> On average, a card travels about 6,000 kilometres per year across the country between off-line (on-site) transactions; approximately 4.1 percent of cards are used (off-line) purely within a single postal code, and therefore show zero kilometres of distance travelled. Finally, a small number of cards cover extraordinary distances; over 5000 cards show measure distances exceeding 100,000 km (that is, beyond the range of Figure 2b), with the largest value in the sample exceeding 600,000 km.

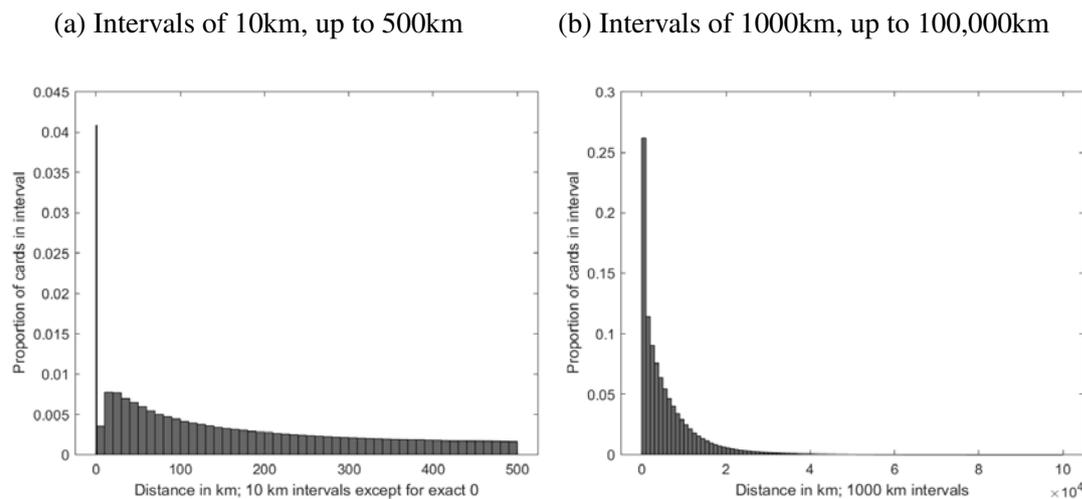


Figure 2: Distances travelled by cards between on-site transactions, 2019

Figures 3a and 3b describe a different indicator of mobility, the number of cities and towns or départements in which each card is used. This measure can be computed for online transactions as well as off-line, and in both are recorded in this pair of figures, which plot the proportion of cards corresponding with each specific number of cities or départements ‘visited’ (i.e. locations at which a transaction is recorded), truncated at 100. Each of the proportionate values for 1 through 7 cities visited corresponds with over 1 million cards that were used in that number of cities, and there is a regular pattern of decay thereafter. Interestingly, in Figure 3b, we see that online shopping is more concentrated than off-line shopping: 18% of online payment cards visit a single city compared to 4% for off-line cards. The maxima are 321 cities visited for off-line transactions, and 343 for online transactions.

<sup>9</sup>Note again that this measure applies to cards, and not cardholders; we do not have information about consumers such as their postal addresses that would allow us to identify individuals. Since some individuals use more than one card, the measure is also conservative in that travel by an individual will in some cases be the sum of distances on two or more cards.

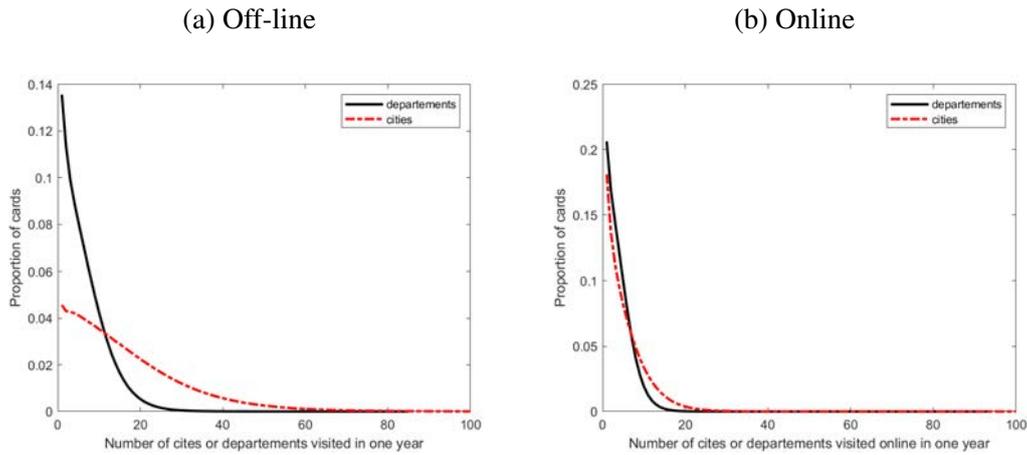


Figure 3: Card mobility by number of cities or départements in 2019, up to 100

Next, Figures 4a through 4d relate the volume and value of activity to the number of cities or départements visited by each card. Each line shows value or volume of transactions per card scaled by the average for the values corresponding with 1 to 10 cities visited. Overall, we find that mobility is associated with greater consumer spending. Regardless of whether we consider value or volume, city or department, we see clear differences between off-line and online cases: online transactions tend to be distributed among a smaller number of locations (concentrated toward smaller values on the lower axis) and show a particularly high degree of dispersion for the cards showing highest total transaction values (the vertical axes reach much higher values). We will see further evidence below of this tendency toward concentration in online purchases.

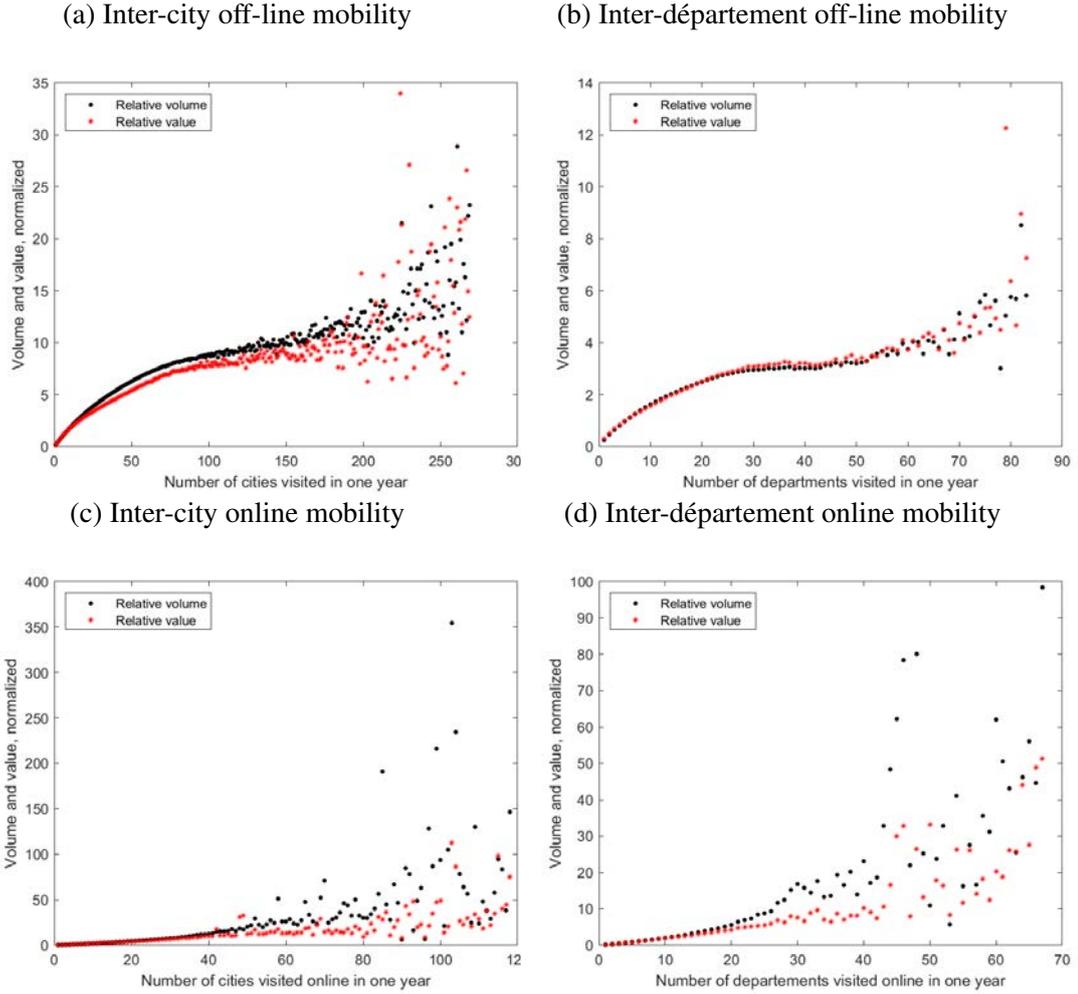


Figure 4: Transaction value and volume vs inter-city or inter-département mobility

### 3.2 ‘Home’ and ‘away’ expenditures

In the previous subsection we looked at measures characterizing movements of cardholders throughout the country, without reference to a home base. In this subsection we consider expenditures in or outside the cardholder’s home location, a feature which is readily interpretable for both off-line and online transactions. Our method of imputation relies on observed consumer behaviour rather than on a declared address, and can be applied in any data set in which geographic locations of individuals’ transactions are observed.

We begin by defining a card’s home city or département  $h$ , as the location in which the largest number of transactions takes place; we then compute the proportions of both transaction volume and value of expenditure taking place in the home location, and externally (‘away’), for each card. Again, let  $i$  index transactions on card  $j$ , let  $k$  index the geographi-

cal unit, and let  $v_{i,j}$  be the value of transaction  $i$  on card  $j$ , or the value 1 if we are counting number of transactions. We then compute the proportion of home transactions (value or volume) for card  $j$ ,  $q_{j,home} = \sum_{i:k=home} v_{i,j} / \sum_i v_{i,j}$ , and the corresponding proportion of external transactions (value or volume) for card  $j$ ,  $q_{j,ext} = \sum_{i:k \neq home} v_{i,j} / \sum_i v_{i,j}$ .

Figures 5a and 5b plot these proportions at intervals of 0.1 for off-line and online transaction values.<sup>10</sup> We observe that at the level of the département, the modal value is zero for the value of off-line transactions; that is, within this set of intervals, more cards are used exclusively within a département than in any interval. At the level of cities and towns, where of course the home unit is smaller and so would be expected to account for a smaller proportion of transactions, the most commonly occurring outcomes are in the range of 60-70% of transactions (and value) occurring outside the home city. Regarding online transactions, the patterns (similar at the levels of city or département) show a different picture: the proportions of transaction values outside the home city or département are significantly higher, and a significant proportion of cards (30%) carry out all transactions outside the home city or département.

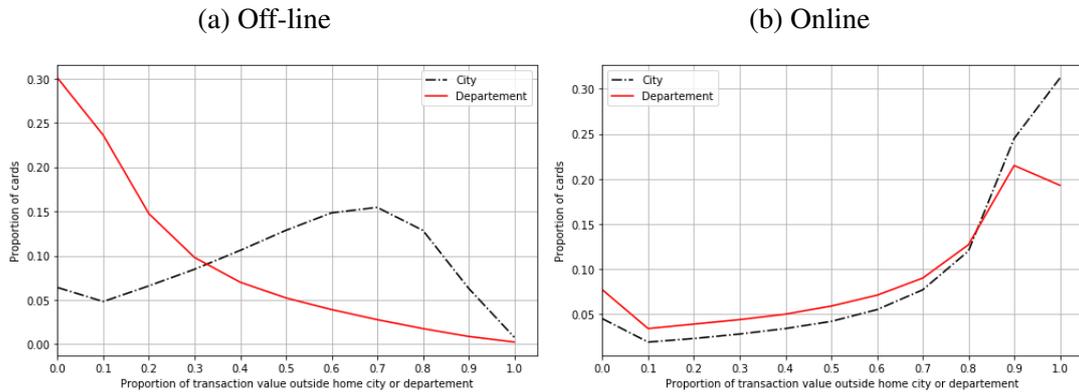


Figure 5: Value of off-line and online expenditures outside home region in 2019

The distinction between home and away expenditure patterns is also visible in the number of off-line and online retailers visited per card. Figures 6a and 6b present the cumulative distributions of the number of off-line and online retailers from which any purchases were made, truncated at 300. We observe that the number of online retailers patronized is substantially lower than for off-line retailers. Online transactions are on average more concentrated on a smaller number of merchants.

<sup>10</sup>The volume of expenditures outside the home region shows a very similar pattern to the value, and is therefore not recorded.

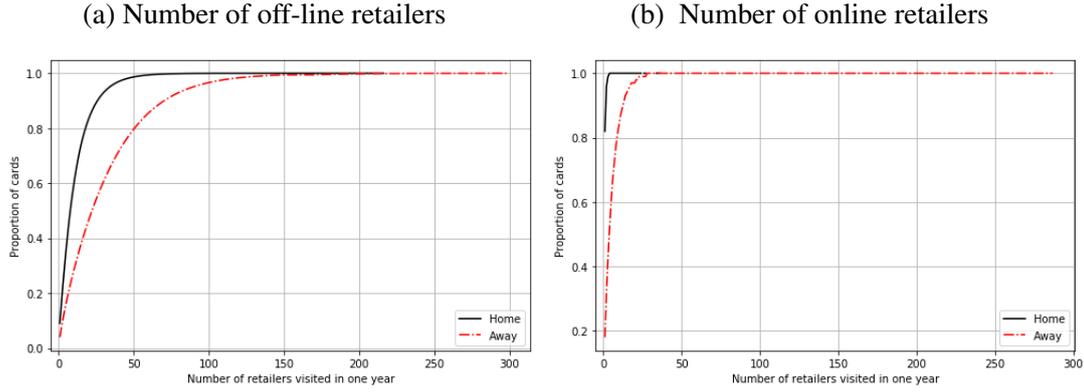


Figure 6: CDF of number of retailers from which purchases were made in 2019, up to 300

Finally, for each card we can compute the sum of the distances between retailer location and home location, across all purchases, either online or off-line.<sup>11</sup> Figure 7 plots the proportion of cards corresponding with each distance, for both online and off-line commerce, up to distances of 1000 km. A large proportion of cards show an exact zero distance, and these observations are excluded here in order to retain a scale which allows comparison of online and off-line patterns.<sup>12</sup> While total distances in off-line purchases show approximately monotonic decline from an early peak, online purchases show clear multimodality. A possible explanation for this lies in the concentration of online retail locations near Paris (and a few other large centres), such that the peaks represent population concentrations at particular distances from that city. This multimodality may therefore be suggestive of concentration of online purchases with retailers in particular locations, a phenomenon of which we will see further evidence in the next section. We also see that purchases from retailers further from ‘home’ are relatively more important in online commerce.

<sup>11</sup>Again, an online or off-line merchant has an identification code linked to its geographical location. The merchant’s location may simply correspond to the head office where the administrative activities of the company are hosted. However, the code can also be linked to the geographical location of the delivery warehouses of a company, for example, that delivers physical goods. In this case, the distance measures not the mobility of the consumer but the transport of goods.

<sup>12</sup>The proportions of cards that ‘travel’ 0 km are 4% and 18% for off-line and online, respectively. Overall, we find that a card ‘travels’ out of the home region on average less online than off-line.

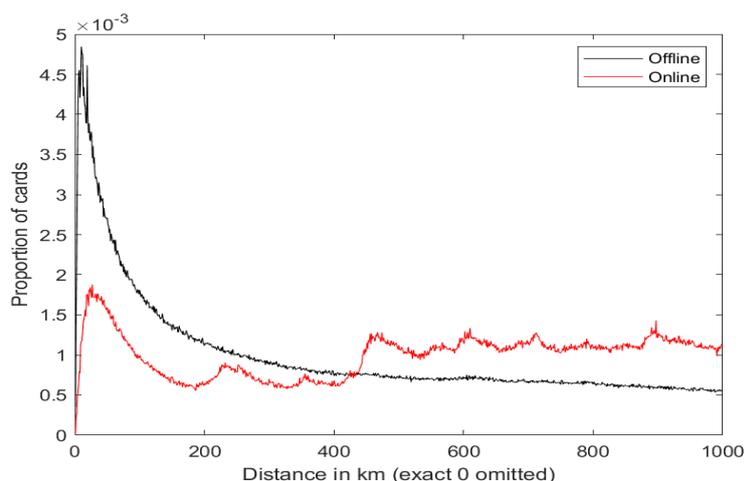


Figure 7: Proportion of cards showing a given cumulative distance between retailer location and home, off-line and online; exact 0 excluded.

## 4 Retail trade links between départements and gravity effects

In the previous sections we examined the behaviour of individual consumers, and defined ‘home’ and ‘away’ cardholder expenditure. We now turn to the use of these measured characteristics of cardholder purchases to characterize linkages at the aggregate level, between départements, measured via both off-line and online purchases.

The standard model of inter-regional trade linkages is the gravity model, so called by analogy to the physical phenomenon of gravitation, which is stronger for more massive bodies and weaker at greater distances. Theoretical bases for gravity equations have been provided by a number authors using different assumptions, including [Bergstrand \(1985\)](#), [Bergstrand \(1989\)](#), [Eaton and Kortum \(2002\)](#), [Anderson and van Wincoop \(2003\)](#) and [Chaney \(2008\)](#); see [Brueckner et al. \(2020\)](#) for a clear overview of the evolution of this literature. In the context of trade, the concept analogous to mass is a measure of the size of the national or regional economy, such as GDP. The gravity equation traditionally used to predict trade flows across countries has proven to be an exceptionally stable and robust empirical regularity. While the trend toward increasing global trade and technological progress have led to considerable reductions in transport costs and other trade barriers, the essential elements identified in gravity equations remain key predictors of the strength of trade linkages.

Here we apply models of this type to the study of inter-city and inter-département economic linkages, measured both by standard import-export trade flows, and also by a measure of common purchases by individual consumers. Although there have been studies of inter-regional trade using gravity models at a sub-national level, these studies have mainly focused on shipments at the level of establishments, and also suffered from the relatively poor quality of regional income estimates. The exceptionally rich and accurately measured data set used here obviates this concern.

A common practical problem in the estimation of trade models involving countries is that distance will typically be correlated with unmeasured differences of language, culture, legal structure and so on which may project onto the distance measure, thereby exaggerating its true effect. Here, of course, all units are parts of France. While there have been other studies of sub-national data which share this feature,<sup>13</sup> the present study has the advantage of the relatively large sample of regional units; from the set of 95 départements we have a sample of 8930 ( $95 \times 94$ ) pairings with which to estimate effects. Relatedly, because the data are at a sub-national level, only a subset of the units have a border with a foreign country. This allows us to estimate the effect of a border with another country on trade within the home country. Note that this contrasts with the type of border effect estimated in [McCallum \(1995\)](#), who used within-country and across-country state/province links to estimate the effect of the US-Canada border on regional trade.

Finally, and perhaps of particular importance, we are able to contrast the inter-regional economic links in online and on-site purchases. While we find that the traditional gravity relationships are observable in online purchase data as well as for in-store purchases, there are important differences between online and on-site trade.

#### **4.1 Two measures of inter-département linkage**

In order to estimate models of the strength of economic links between départements as a function of distance, size and other indicators, we define two measures of linkage between two départements.

The first is a traditional trade-related measure, in which we use the ‘home’ département defined in the previous section and obtain the expenditures (imports) made in each of the

---

<sup>13</sup>For example, the important study of [McCallum \(1995\)](#) uses data from Canadian provinces and U.S. states.

départements other than the home. Imports into the home département  $h$  from another département  $k$  are identical to the exports from  $k$  to  $h$ : there is no discrepancy such as is observed in international trade data. Formally, let  $h = \{1, 2, \dots, 95\}$  index the home département, and let  $k \neq h$  index the départements with which a given home département is linked. For each card  $\ell$  with home département equal to  $h$ , let  $V_{\ell, h, k}$  represent total purchases (value, volume) made in département  $k$ ; then the import-based linkage measure is defined for each pair  $h, k$  as:

$$L_I: h, k = \sum_{\ell: \text{home} = h} V_{\ell, h, k}, \quad (2)$$

where  $\ell$  indexes all cards: that is, the total of purchases in département  $k$  made on cards for which the home is  $h$ .

The second measure, which we call a ‘commonality’ linkage, is a symmetric measure which indicates the degree to which individual cards tend to show purchases in each of a pair of départements. For the commonality measure, we do not define a home département. Let  $V_{\ell, r}$  represent total value or volume of purchases on card  $\ell$  in département  $r$ . Then for any two départements  $r, s$ , the commonality measure is defined as:

$$L_C: r, s = \sum_{\ell} [V_{\ell, r} \cdot V_{\ell, s}]^{\frac{1}{2}}. \quad (3)$$

Note that, for a given value or volume of purchases dispersed across two départements, this measure will be greater as the expenditures are more evenly divided. If a card does not show positive expenditure in both départements, the value for that card is zero and there is no contribution to the commonality measure.

## 4.2 Predictors of inter-département linkage

We now examine predictors of inter-département linkage using each of the two measures  $L_I$  and  $L_C$ , paying particular attention to the core gravity effects of distance and size, and to the comparison between online and on-site purchases. Each of the measures can be computed either for the value or volume of total purchases; as well, we will examine various specifications of the gravity equation. In order to reduce the proliferation of tables we will focus on a single base-case specification of the model in the tables presented in the main text, and present tables of additional results in Appendix A.

The core regression specification takes as the dependent variable one of the measures of economic linkage – trade (imports) or commonality of purchases – together with a choice

of value or volume of purchases. We will represent any of the four forms of this dependent variable generically as  $L_{i,j}$  for the linkage between départements  $i$  and  $j$ . This quantity is modelled as a function of the distance  $d_{i,j}$  between départements  $i$  and  $j$ , measures of the ‘economic size’ of each of the two départements,  $S_i$ ,  $S_j$ , and a vector of other potential conditioning variables  $Z$ , many of which will be indicators.

We can therefore write the model as:

$$\log(L_{i,j}) = \beta_0 + \beta_1 \cdot \log(d_{i,j}) + \beta_2 \cdot \log(S_i) + \beta_3 \cdot \log(S_j) + \delta Z_{i,j} + u_{i,j}. \quad (4)$$

Note that the conditioning variables  $Z$  may be specific to the pairing  $(i, j)$ , such as an indicator that the two départements are neighbours or otherwise lie in the same region of the country, or may instead be specific to one of the two, such as an indicator that département  $i$  has a border with a foreign country, or borders the sea. Size of the economy of a département is measured using the total value (or volume) of card transactions. This may be viewed as a proxy for GDP, since GDP data are not available in France at the level of each département, but in any event our measures have the virtue of being based upon billions of observed card transactions, measured on a common basis throughout the country. Price level measures are also unavailable at the département level. Although we may expect price levels to be very similar across départements, a method of allowing for differences is to use fixed effects at the département level, one strategy used by [Combes et al. \(2005\)](#) in their study of networks, migration and inter-regional trade within France. We include specifications with fixed effects among the set of alternative specifications in [Appendix A](#).

Our primary interest is in the parameters  $\beta$  pertaining to distance and economic size variables, and in contrasting their values between online and off-line cases. Nonetheless we will consider a variety of alternative specifications, both as robustness checks and because a number of the parameters  $\delta$  will be of independent interest.

### 4.3 Main results

We will first present results of a base-case model specification, along the  $2 \times 2 \times 2$  dimensions described above: trade-based (import) and commonality measures of linkage; value and volume of purchases; off-line and online activity.<sup>14</sup> [Tables 2 and 3](#) present the eight

---

<sup>14</sup>The results presented in this section are based on 2019 data. Results on 2018 data are similar, and for brevity are generally omitted. However, the analogues of [Tables 2 and 3](#) for 2018 data are presented in the

base-case regressions containing the results. A comparison of these two tables shows that the results are qualitatively the same whether we use a value or volume measure of transactions. In the discussion of this section we will therefore refer primarily to the value-based results of Table 2 which correspond most directly with the value of consumption which enters the national income identity as a component of GDP.

Table 2: Base-case models of  $L_I$  and  $L_C$ , off-line and online, based on transaction values

|                          | Import-based        |                      | Commonality          |                      |
|--------------------------|---------------------|----------------------|----------------------|----------------------|
|                          | Off-line            | Online               | Off-line             | Online               |
|                          | (1)                 | (2)                  | (3)                  | (4)                  |
| <b>Log(Distance)</b>     | -0.85***<br>(0.021) | -0.39***<br>(0.015)  | -0.72***<br>(0.017)  | -0.27***<br>(0.022)  |
| <b>Neighbors</b>         | 1.43***<br>(0.062)  | 0.48***<br>(0.049)   | 0.8***<br>(0.046)    | 0.05<br>(0.053)      |
| <b>SameRegion</b>        | 0.52***<br>(0.056)  | 0.44***<br>(0.037)   | 0.37***<br>(0.043)   | 0.3***<br>(0.051)    |
| <b>Log(GDP of Dep i)</b> | 1.04***<br>(0.01)   | 0.94***<br>(0.009)   | 0.92***<br>(0.007)   | 1.41***<br>(0.01)    |
| <b>Log(GDP of Dep j)</b> | 1.03***<br>(0.009)  | 1.63***<br>(0.011)   | 0.92***<br>(0.007)   | 1.41***<br>(0.01)    |
| <b>Constant</b>          | -26.2***<br>(0.362) | -40.54***<br>(0.339) | -19.13***<br>(0.321) | -45.25***<br>(0.436) |
| <b>Adj. R-squared</b>    | 0.83                | 0.84                 | 0.88                 | 0.85                 |
| <b>Observations</b>      | 8930                | 8930                 | 8930                 | 8930                 |

Notes: This table reports estimation results for the base-case models. The dependent variable is the logarithm of the trade link measure, import-based ( $L_I$ , columns 1-2) or commonality ( $L_C$ , columns 3-4), using off-line and online transaction *values*; regressors include the log distance, neighbours dummy variable, same region dummy variable and log GDP of départements i and j. Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Appendix.

Table 3: Base-case models of  $L_I$  and  $L_C$ , off-line and online, based on transaction volumes

|                          | Import-based         |                      | Commonality         |                      |
|--------------------------|----------------------|----------------------|---------------------|----------------------|
|                          | Off-line             | Online               | Off-line            | Online               |
|                          | (1)                  | (2)                  | (3)                 | (4)                  |
| <b>Log(Distance)</b>     | -0.9***<br>(0.022)   | -0.33***<br>(0.016)  | -0.75***<br>(0.018) | -0.23***<br>(0.023)  |
| <b>Neighbors</b>         | 1.34***<br>(0.062)   | 0.51***<br>(0.05)    | 0.73***<br>(0.045)  | 0.1*<br>(0.055)      |
| <b>SameRegion</b>        | 0.53***<br>(0.058)   | 0.42***<br>(0.041)   | 0.37***<br>(0.044)  | 0.32***<br>(0.054)   |
| <b>Log(GDP of Dep i)</b> | 0.99***<br>(0.009)   | 0.87***<br>(0.009)   | 0.9***<br>(0.007)   | 1.37***<br>(0.01)    |
| <b>Log(GDP of Dep j)</b> | 1.06***<br>(0.009)   | 1.62***<br>(0.012)   | 0.9***<br>(0.007)   | 1.37***<br>(0.01)    |
| <b>Constant</b>          | -21.77***<br>(0.295) | -34.91***<br>(0.301) | -15.3***<br>(0.268) | -38.42***<br>(0.377) |
| <b>Adj. R-squared</b>    | 0.83                 | 0.83                 | 0.88                | 0.85                 |
| <b>Observations</b>      | 8930                 | 8930                 | 8930                | 8930                 |

Notes: This table reports estimation results for the base-case models. The dependent variable is the logarithm of the trade link measure, import-based ( $L_I$ , columns 1-2) or commonality ( $L_C$ , columns 3-4), using off-line and online transaction volumes; regressors include the log distance, neighbours dummy variable, same region dummy variable and log GDP of départements i and j. Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Column 1 of the tables provides the case that is comparable with the previous literature, that is of a trade-based measure for traditional on-site purchases.<sup>15</sup> Distance between départements is a strongly negative predictor of the volume of trade, and even conditional on distance, being neighbours or from the same region has a substantial positive estimated effect. The coefficients on sizes of the regional economies are close to the theoretical values of unity in the model of [Anderson and van Wincoop \(2003\)](#), and indeed are closer to unity than in many existing empirical results, although nonetheless very precisely estimated and statistically significantly different from 1. Each of these results is consistent with findings in the previous literature.

Results based on the commonality measure, column 3, are qualitatively similar. Since the measure is identical for each member of a pair, the labels ( $i, j$ ) are interchangeable and

<sup>15</sup>Again, our linkage measure uses imports; because the imports of  $i$  from  $j$  are identical to the exports of  $j$  to  $i$ , we can also interpret this as an export-based measure by reversing the labels on the size or GDP variable.

coefficients on the sizes of economies are identical as well.

The critical comparison for our present purposes is between columns 1 and 2, in which we are able to contrast online with off-line economic activity. We observe not surprisingly that distance (as well as being neighbours or from the same region) is a less strong predictor of trade; to the online purchaser, the region from which a purchase is made may be nearly irrelevant, or even entirely unknown. Nonetheless, the geographical proximity variables remain strongly significant and substantial predictors even of online economic linkages; the sole exception is the indicator that two départements are neighbours, which is not statistically different from zero for online purchases using the commonality measure.

The striking result however concerns the estimated parameter on the size of the economy from which the purchase is made, i.e. the exporting département:  $\log(\text{GDP of dep. } j)$ ). This value, the estimated regional income- or regional economic size- elasticity of exports, is approximately 60% larger for online than for off-line transactions (the coefficients are respectively 1.03 and 1.63 when we consider the import-based measure with transaction values). The value is approximately 50 standard errors from unity. Moreover, as we shall see in the next subsection, this result is very robust to numerous different specifications of the model. We see a reflection of the same phenomenon in the commonality measures, where the importance of size of economy is again very much higher in online data (again, the symmetry of the commonality measure implies that the coefficients on size of the economy for each of the two départements must be the same, and we see the effect distributed across the two départements).

The result that the size of the ‘exporting’ département’s economy has a much larger effect with online than with traditional in-store sales suggests that the increasing movement toward online purchasing may tend to increase the concentration of economic activity (that is, consumer expenditure moves further in the direction of the already-large regional economies as online sales come to represent a larger fraction of total expenditure).

In the next section we explore the robustness of this result to different specifications of the gravity equation, as well as examining the effects of additional indicator variables.

#### **4.4 Sectoral disaggregation**

In the results above we noted that the coefficient on distance is reduced for online purchases, relative to off-line, but remains non-zero. In order to investigate this further, it is

useful to distinguish purchases by type or sector. In particular we will consider the distinction between purchases which are made online for delivery to the consumer, and those which may be booked and paid for online (such as hotels) but which must be consumed in the same way regardless of whether the purchase is made online or on-site.

Tables 4 and 5 present such a disaggregation. The column headings correspond with classifications from the French *Nomenclature d'activités françaises*.<sup>16</sup> We note first of all that, in the off-line disaggregation, the coefficient on distance is similar in each case to the result in the aggregate: that is, negative and slightly less than one (with one exception) in absolute value.

To compare with the online results, first consider polar cases of purchases which we expect to be almost entirely, or conversely not at all, purchased online and delivered to the consumer. In the former case we expect distance to have little effect online; the consumer need not move. In the converse (purchase online, consumption on-site) case we expect distance to have similar effect online and off-line, as the consumer must move in either case. The case of appliances provides one polar example: we expect that almost all such purchases will be delivered to the consumer. Correspondingly, we see a large contrast in the off-line/online results; the distance coefficient for online purchases is close to zero. A contrasting polar case is that of transport: whether paid for on site or online, the consumer must undertake travel in the same way. We expect little difference in the coefficient on distance, and indeed we see little.<sup>17</sup>

Lodging also shows similar off-line and online distance coefficients; whether booked online or not, consumption must take place on site. Restaurant meals, as well, although they may be delivered to the consumer's home, tend to be constrained by the necessity of immediacy to a similar geographical range regardless of whether the consumer goes to the restaurant, or the restaurant comes to the consumer. The coefficients on distance are similar for off-line and online in each of these cases. A third example is leisure, which corresponds largely with cultural and sporting events. As with lodging, these can be booked and paid

---

<sup>16</sup>This classification of economic activities, maintained by INSEE, is analogous to the North American NAICS. The first two digits represent the division. The codes corresponding with the headings are: Appliances: 4754x; Food: 4721x, 4722x, 4723x, 4725x, 4729x; Clothing: 4771x, 4772x, 4782x; Health: 862xx, 4773x; Lodging: 551xx, 552xx; Leisure: 90xxx, 91xxx 93xxx; Personal care: 9602x, 9604x; Restaurants: 561xx, 563xx; Supermarkets: 471xx; Transport: 49xxx, 51xxx; Automotive: 451xx, 453xx.

<sup>17</sup>A small difference may be attributable to selection of consumer type by payment method; for example older consumers may be less likely to book transportation online than to pay at the departure point.

for online, but are consumed on site; distance therefore continues to play a role in online purchases, and we see that the leisure and lodging categories behave similarly with respect to both their off-line and online coefficients.

Other cases tend to embody a mix of products which may be delivered and others which must be consumed on site. The health category comprises visits to professionals such as dentists and physiotherapists, but also products which may be purchased online and delivered, so that the category is a blend of products for which distance is important and others for which delivery makes distance relatively unimportant. Correspondingly, again, we see that the online coefficient lies between zero and the off-line coefficient. The automotive category blends vehicle purchases, where distance presumably remains a factor, and automotive equipment and parts, which will often be delivered to the consumer or repair facility.

Table 4: Sectoral disaggregation of model with import-based measure  $L_I$ , using off-line transaction values

|                          | Appliances<br>(1)    | Food<br>(2)         | Clothing<br>(3)      | Health<br>(4)        | Lodging<br>(5)       | Leisure<br>(6)       | Personal Care<br>(7) | Restaurant<br>(8)    | Supermarket<br>(9)   | Transport<br>(10)    | Automotive<br>(11)   |
|--------------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Log(Distance)</b>     | -0.99***<br>(0.023)  | -0.7***<br>(0.021)  | -0.89***<br>(0.017)  | -0.81***<br>(0.018)  | -0.8***<br>(0.015)   | -0.77***<br>(0.019)  | -0.74***<br>(0.021)  | -0.91***<br>(0.015)  | -0.7***<br>(0.015)   | -0.59***<br>(0.029)  | -1.05***<br>(0.019)  |
| <b>Neighbors</b>         | 1.87***<br>(0.062)   | 1.61***<br>(0.057)  | 1.76***<br>(0.046)   | 2.23***<br>(0.049)   | 0.44***<br>(0.042)   | 1.63***<br>(0.052)   | 1.9***<br>(0.058)    | 1.21***<br>(0.04)    | 1.79***<br>(0.041)   | 1.25***<br>(0.077)   | 1.82***<br>(0.05)    |
| <b>SameRegion</b>        | 0.7***<br>(0.065)    | 0.69***<br>(0.059)  | 0.57***<br>(0.048)   | 0.81***<br>(0.052)   | 0.17***<br>(0.044)   | 0.66***<br>(0.055)   | 0.78***<br>(0.061)   | 0.53***<br>(0.042)   | 0.56***<br>(0.043)   | 1.05***<br>(0.081)   | 0.58***<br>(0.053)   |
| <b>Log(GDP of Dep i)</b> | 1.09***<br>(0.013)   | 1.13***<br>(0.012)  | 1.02***<br>(0.009)   | 1.09***<br>(0.01)    | 1.06***<br>(0.009)   | 1.04***<br>(0.011)   | 1.17***<br>(0.012)   | 1.05***<br>(0.008)   | 1.02***<br>(0.008)   | 1.26***<br>(0.016)   | 1.1***<br>(0.01)     |
| <b>Log(GDP of Dep j)</b> | 1.42***<br>(0.014)   | 0.95***<br>(0.012)  | 1.39***<br>(0.009)   | 1.17***<br>(0.01)    | 0.86***<br>(0.009)   | 1.06***<br>(0.011)   | 0.93***<br>(0.012)   | 1.05***<br>(0.008)   | 0.73***<br>(0.008)   | 1.53***<br>(0.016)   | 0.92***<br>(0.01)    |
| <b>Constant</b>          | -40.51***<br>(0.439) | -31.4***<br>(0.372) | -36.53***<br>(0.301) | -34.95***<br>(0.323) | -25.77***<br>(0.274) | -30.64***<br>(0.343) | -32.51***<br>(0.385) | -28.37***<br>(0.264) | -21.94***<br>(0.266) | -48.34***<br>(0.521) | -28.42***<br>(0.333) |
| <b>Adj. R-squared</b>    | 0.73                 | 0.7                 | 0.83                 | 0.8                  | 0.77                 | 0.74                 | 0.71                 | 0.83                 | 0.79                 | 0.65                 | 0.77                 |
| <b>Observations</b>      | 8426                 | 8918                | 8929                 | 8929                 | 8930                 | 8929                 | 8887                 | 8930                 | 8930                 | 8802                 | 8891                 |

Notes: This table reports the estimation results for the sectoral disaggregation of the gravity model. For each sector (columns 1-11), we regress the logarithm of the import-based trade link measure ( $L_I$ ), using off-line transaction values, on the variables used in Table 2. Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 5: Sectoral disaggregation of models with import-based measure  $L_I$ , using online transaction values

|                   | Appliances           | Food                 | Clothing             | Health               | Lodging              | Leisure              | Personal Care        | Restaurant           | Supermarket          | Transport            | Automotive           |
|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                   | (1)                  | (2)                  | (3)                  | (4)                  | (5)                  | (6)                  | (7)                  | (8)                  | (9)                  | (10)                 | (11)                 |
| Log(Distance)     | 0.04<br>(0.066)      | -0.05<br>(0.038)     | -0.38***<br>(0.038)  | -0.25***<br>(0.049)  | -0.62***<br>(0.023)  | -0.7***<br>(0.029)   | -0.26***<br>(0.038)  | -0.71***<br>(0.032)  | -0.53***<br>(0.031)  | -0.52***<br>(0.07)   | -0.46***<br>(0.031)  |
| Neighbors         | 0.32*<br>(0.177)     | 0.16<br>(0.101)      | 0.12<br>(0.101)      | 0.55***<br>(0.125)   | 0.26***<br>(0.062)   | 0.79***<br>(0.079)   | 0.74***<br>(0.094)   | 1.25***<br>(0.081)   | 1.98***<br>(0.082)   | 0.04<br>(0.174)      | 0.3***<br>(0.081)    |
| SameRegion        | 0.33*<br>(0.188)     | 0.57***<br>(0.106)   | 0.1<br>(0.106)       | 0.55***<br>(0.131)   | 0.35***<br>(0.065)   | 0.45***<br>(0.083)   | 0.68***<br>(0.097)   | 0.58***<br>(0.084)   | 0.69***<br>(0.086)   | 1.01***<br>(0.182)   | 0.22***<br>(0.085)   |
| Log(GDP of Dep i) | 0.6***<br>(0.041)    | 0.76***<br>(0.023)   | 0.79***<br>(0.022)   | 0.52***<br>(0.029)   | 1.14***<br>(0.013)   | 0.94***<br>(0.017)   | 0.64***<br>(0.023)   | 1.02***<br>(0.019)   | 0.94***<br>(0.019)   | 0.75***<br>(0.042)   | 0.7***<br>(0.017)    |
| Log(GDP of Dep j) | 0.93***<br>(0.044)   | 0.87***<br>(0.024)   | 2.02***<br>(0.023)   | 0.85***<br>(0.033)   | 1.38***<br>(0.013)   | 1.52***<br>(0.017)   | 0.57***<br>(0.023)   | 1.11***<br>(0.019)   | 1.11***<br>(0.019)   | 1.68***<br>(0.045)   | 1.48***<br>(0.018)   |
| Constant          | -27.17***<br>(1.406) | -28.55***<br>(0.772) | -50.91***<br>(0.746) | -21.96***<br>(1.017) | -41.48***<br>(0.414) | -40.38***<br>(0.536) | -18.63***<br>(0.767) | -35.58***<br>(0.629) | -34.27***<br>(0.609) | -41.95***<br>(1.452) | -35.67***<br>(0.576) |
| Adj. R-squared    | 0.19                 | 0.28                 | 0.54                 | 0.19                 | 0.69                 | 0.59                 | 0.24                 | 0.5                  | 0.51                 | 0.23                 | 0.5                  |
| Observations      | 2719                 | 6042                 | 7110                 | 4767                 | 8838                 | 8644                 | 5334                 | 7104                 | 7636                 | 5658                 | 8083                 |

Notes: This table reports the estimation results for the sectoral disaggregation of the gravity model. For each sector (columns 1-11), we regress the logarithm of the import-based trade link measure ( $L_I$ ), using online transaction values, on the variables used in Table 2. Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Globally these results reinforce those noted earlier: online purchase and delivery of goods shows much less distance sensitivity, and so may facilitate concentration of economic activity. Online booking of services to be consumed on site does not show an effect of similar magnitude. In product categories which blend these two types of activity, the distance coefficient tends to be reduced in magnitude for online cases, but is not driven near zero.

## 4.5 Predictors of inter-city trade links

In previous sections we analyzed inter-département trade relations. In this section we extend the baseline analyses to study inter-city trade relations. Tables 6 and 7 report the estimation results and can be compared with Tables 2 and 3. We note however that the ‘Neighbours’ variable is not directly comparable; in the case of cities, we use this variable to indicate that the cities are located in départements which are neighbours, i.e. share a border.<sup>18</sup>

Three main conclusions can be drawn from the estimation results. First, distance between cities is still a negative predictor of off-line trade. However, the strength of the

<sup>18</sup>While there are some cases of cities which literally border each other, in most cases there is no contiguity with the boundaries of another city.

effect is less than that observed at the level of the *département* (the coefficients are approximately 0.6 and 0.9 respectively). This observation also holds for online trade relations. Secondly, being neighbours or from the same *département* or region has still a substantial positive estimated effect on off-line trade relations, although the effect of proximity between cities is also less. Interestingly, this result no longer holds when considering online trading relations: for cities, being neighbours has a negative impact on economic linkages. The *département* and the region, which constitute larger areas of activity, continue to be important in explaining commercial relations.

Table 6: Base-case models at city level of  $L_I$  and  $L_C$ , off-line and online, measures based on transaction values and GDP as economic size

|                           | Import-based         |                     | Commonality         |                     |
|---------------------------|----------------------|---------------------|---------------------|---------------------|
|                           | Off-line<br>(1)      | Online<br>(2)       | Off-line<br>(3)     | Online<br>(4)       |
| <b>Log(Distance)</b>      | -0.58***<br>(0.017)  | -0.25***<br>(0.013) | -0.66***<br>(0.007) | -0.19***<br>(0.011) |
| <b>Neighbors</b>          | 0.41***<br>(0.02)    | -0.11***<br>(0.011) | 0.65***<br>(0.018)  | -0.24***<br>(0.013) |
| <b>SameDep</b>            | 1.66***<br>(0.049)   | 0.48***<br>(0.027)  | 1.45***<br>(0.045)  | 0.06*<br>(0.033)    |
| <b>SameRegion</b>         | 0.4***<br>(0.02)     | 0.23***<br>(0.011)  | 0.65***<br>(0.019)  | 0.31***<br>(0.015)  |
| <b>Log(GDP of City i)</b> | 0.67***<br>(0.003)   | 0.42***<br>(0.003)  | 0.8***<br>(0.0)     | 0.51***<br>(0.002)  |
| <b>Log(GDP of City j)</b> | 0.56***<br>(0.003)   | 0.5***<br>(0.003)   | 0.8***<br>(0.0)     | 0.51***<br>(0.002)  |
| <b>Constant</b>           | -12.96***<br>(0.098) | -9.27***<br>(0.06)  | -15.2***<br>(0.045) | -10.6***<br>(0.053) |
| <b>Adj. R-squared</b>     | 0.43                 | 0.22                | 0.73                | 0.28                |
| <b>Observations</b>       | 11,102,900           | 4,636,310           | 31,631,600          | 8,743,210           |

Notes: This table reports estimation results for the base-case gravity models at city level. We regress the logarithms of the import-based ( $L_I$ , columns 1-2) and commonality ( $L_C$ , columns 3-4) measures, using off-line and online transaction values, on the log distance, neighbours dummy variable, same *département* dummy variable, same region dummy variable and log GDP of city i and j. Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 7: Base-case models at city level of  $L_I$  and  $L_C$ , off-line and online, measures based on transaction volumes and GDP as economic size

|                           | Import-based         |                     | Commonality          |                      |
|---------------------------|----------------------|---------------------|----------------------|----------------------|
|                           | Off-line             | Online              | Off-line             | Online               |
|                           | (1)                  | (2)                 | (3)                  | (4)                  |
| <b>Log(Distance)</b>      | -0.58***<br>(0.016)  | -0.25***<br>(0.013) | -0.67***<br>(0.007)  | -0.21***<br>(0.011)  |
| <b>Neighbors</b>          | 0.41***<br>(0.018)   | -0.11***<br>(0.011) | 0.65***<br>(0.017)   | -0.23***<br>(0.012)  |
| <b>SameDep</b>            | 1.55***<br>(0.045)   | 0.43***<br>(0.03)   | 1.42***<br>(0.043)   | 0.1*<br>(0.033)      |
| <b>SameRegion</b>         | 0.39***<br>(0.018)   | 0.15***<br>(0.01)   | 0.67***<br>(0.018)   | 0.26***<br>(0.014)   |
| <b>Log(GDP of City i)</b> | 0.63***<br>(0.003)   | 0.47***<br>(0.003)  | 0.78***<br>(0.001)   | 0.5***<br>(0.002)    |
| <b>Log(GDP of City j)</b> | 0.54***<br>(0.003)   | 0.47***<br>(0.003)  | 0.78***<br>(0.001)   | 0.5***<br>(0.002)    |
| <b>Constant</b>           | -11.15***<br>(0.081) | -8.83***<br>(0.06)  | -12.55***<br>(0.043) | -10.93***<br>(0.048) |
| <b>Adj. R-squared</b>     | 0,51                 | 0.28                | 0.74                 | 0.32                 |
| <b>Observations</b>       | 11,102,900           | 4,636,310           | 31,631,600           | 8,743,210            |

Notes: This table reports estimation results for the base-case gravity models at city level. We regress the logarithms of the import-based ( $L_I$ , columns 1-2) and commonality ( $L_C$ , columns 3-4) measures, using off-line and online transaction volumes, on the log distance, neighbours dummy variable, same département dummy variable, same region dummy variable and log GDP of city i and j. Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

A final and related point concerns the estimated parameter on the size of the economy from which the purchase is made, i.e. the exporting city (log(GDP of city j)). This coefficient remains positive at city level, but is only a third the size of the effect observed in the analysis of départements. This result again emphasizes the fact that the geography of online business relationships is markedly different from those off-line; while proximity between cities is crucial in off-line commerce, it is a much smaller factor in online commerce.

## 4.6 Robustness checks

In this section, we provide a number of robustness tests, in the form of alternative model specifications, to check the stability of the results. These results pertain to the département-level estimates, which are our primary representation of inter-regional linkage. Tables 16

through 23 in Appendix A provide estimation results for these alternative specifications.

Tables 16 through 19 treat alternative measures of the size of a regional economy, including population, number of cards, number of retailers, and département fixed effects. Each column provides an alternative specification of one of the columns in Table 2 (left-hand columns) or 3 (right-hand columns). Our primary interest is in the robustness of results, particularly with respect to the online/off-line contrast, to these alternative specifications.

Comparing Tables 16 and 18, we see again that distance continues to play a significant role in online purchases, but that the effect is greatly reduced relative to traditional off-line purchases. Coefficients on the economy size measures remain in the neighbourhood of 1 for off-line purchases and for the importing département with online purchases (although all such coefficients are statistically significantly different from 1 as well as from 0), but again the effect of size of the exporting economy is greatly elevated for online purchases; when considering online transaction values for instance, coefficients on the exporting département measure of economy size are estimated as 1.82 (population), 1.63 (number of cards) and 1.9 (number of retailers). The commonality linkage measure again shows the same contrasts as earlier (Tables 17 and 19), again with the effect of online sales distributed across the two départements, because of the symmetry of the commonality measure.

Tables 20 through 23 add additional indicator variables to the base specification, particularly for Paris as a special case and for the presence of a foreign border, a sea border, or both. Comparing Table 20 with Table 22 and Table 21 with Table 23, particularly with respect to the effects of distance and size of the economy of the exporting département  $j$ , we again see that the online/off-line contrasts just described are robust to these changes in specification.

The effects of additional indicator variables ( $Z$  in the notation of equation 4) are of independent interest. In the trade-based results (Tables 20 and 22), the indicators tend to play a bigger role for the exporting department  $j$  and a smaller, or insignificant, role for the importing department  $i$ . (Again, for results based on commonality, coefficients for the two départements are necessarily identical.) Paris is particularly likely to be a source of exports to the regions (i.e. an indicator for Paris is strongly significant as exporting department  $j$ ); as importers, however, Parisians do not differ much, if at all, from residents of the rest of the country. Possessing a foreign border or a seacoast is a strong predictor of ‘in-store’

exports to other regions (i.e the indicators for department  $j$  are strongly significant for off-line sales; Table 20), presumably because such areas attract a disproportionate amount of tourism. Less evidently, these same effects are strongly negative as predictors of online exports (Table 22). This may be the result of inland locations of corporate headquarters or distribution centres for major online sellers.

Globally, the main result is both clear and robust: traditional gravity relationships are changed by online purchases, which are much more heavily directed toward regions which are already economically ‘large’ than are traditional on-site purchases. We have been able to quantify the extent of this effect using aggregated consumption data which are measured with very high accuracy, and which measure online and on-site purchases by the same mechanism for full comparability.

## 5 Conclusion and research directions

Little is known about geographical movements of consumers, their purchases outside their home areas, and the associated effects on economic activity throughout a country, nor do economists fully understand the impacts that the increasing importance of online consumption may have on traditional geographical patterns of personal consumption expenditure.

This study provides evidence on these questions. Using a data set of exceptional size, coverage and detail concerning the purchases of individual cardholders, and an attribution of a home region using information on the individual’s purchasing patterns, we are able to track mobility patterns throughout France for approximately 70 million cardholders. The volume and value of on-site expenditures outside the home region indicate that these external expenditures form an important part of overall consumption, and will have substantial impact.

To address the question of how online consumption patterns differ we separate online and off-line transactions and estimate separate gravity-based models of inter-regional retail trade based on aggregates of the individual expenditures. We find that the patterns in online expenditure differs substantially, with much diminished effects of distance (a finding noted in other contexts by [Hortaçsu et al. \(2009\)](#) and [Lendle et al. \(2016\)](#) (purchases made via eBay), and by [Gomez-Herrera et al. \(2014\)](#) and [Francois \(2016\)](#) (cross-border e-commerce in the EU). This diminished distance effect, compatible with the fact that mobility of the

individual is no longer necessary when making purchases online from a distant region, may have important implications for the growth or health of retail industries outside major hubs.

Online purchasing is tending to change the standard gravity relationships, which have previously been very stable; the trend toward online purchases may be concentrating retail activity in regions which are already economically strong.

## References

- Sumit Agarwal and Wenlan Qian. Consumption and Debt Response to Unanticipated Income Shocks: Evidence from a Natural Experiment in Singapore. *American Economic Review*, 104(12):4205–4230, December 2014. ISSN 0002-8282. doi: 10.1257/aer.104.12.4205.
- Sumit Agarwal, J. Bradford Jensen, and Ferdinando Monte. The geography of consumption. Technical report, National Bureau of Economic Research, working paper 23616, 2019a.
- Sumit Agarwal, Wenlan Qian, Bernard Y. Yeung, and Xin Zou. Mobile Wallet and Entrepreneurial Growth. *AEA Papers and Proceedings*, 109:48–53, May 2019b. ISSN 2574-0768. doi: 10.1257/pandp.20191010.
- Treb Allen. Information frictions in trade. *Econometrica*, 82(6):2041–2083, 2014. doi: 10.3982/ECTA10984. URL <https://onlinelibrary.wiley.com/doi/abs/10.3982/ECTA10984>.
- James E. Anderson and Eric van Wincoop. Gravity with Gravitas: A Solution to the Border Puzzle. *American Economic Review*, 93(1):170–192, March 2003. ISSN 0002-8282. doi: 10.1257/000282803321455214. URL <http://www.aeaweb.org/articles?id=10.1257/000282803321455214>.
- Jeffrey H. Bergstrand. The Gravity Equation in International Trade: Some Microeconomic Foundations and Empirical Evidence. *The Review of Economics and Statistics*, 67(3): 474–481, 1985. ISSN 0034-6535. doi: 10.2307/1925976. URL <http://www.jstor.org/stable/1925976>. Publisher: The MIT Press.

- Jeffrey H. Bergstrand. The Generalized Gravity Equation, Monopolistic Competition, and the Factor-Proportions Theory in International Trade. *The Review of Economics and Statistics*, 71(1):143–153, 1989. ISSN 0034-6535. doi: 10.2307/1928061. URL <http://www.jstor.org/stable/1928061>. Publisher: The MIT Press.
- David Bounie and Youssouf Camara. Card-sales response to merchant contactless payment acceptance: Causal evidence. Technical report, Télécom Paris, 2019.
- David Bounie, Youssouf Camara, and John Galbraith. Bounie, David and Camara, Youssouf and Galbraith, John W., Consumers’ Mobility, Expenditure and Online-Offline Substitution Response to COVID-19: Evidence from French Transaction Data. Technical report, 2020. URL [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3588373](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3588373).
- Markus Brueckner, Ngo Van Long, and Joaquin Vespignani. Trade, Education and Income Inequality. Technical report, CESifo, Munich, 2020. URL <https://www.cesifo.org/en/publikationen/2020/working-paper/trade-education-and-income-inequality>.
- M. Carlsen and P.E. Storgaard. Dankort payments as a timely indicator of retail sales in Denmark. Technical report, Working paper 66, Danmarks Nationalbank, 2010.
- CB. CB en chiffres. <https://www.cartes-bancaires.com/a-propos/cb-en-chiffres/>, 2018.
- Thomas Chaney. Distorted Gravity: The Intensive and Extensive Margins of International Trade. *American Economic Review*, 98(4):1707–1721, September 2008. ISSN 0002-8282. doi: 10.1257/aer.98.4.1707. URL <http://www.aeaweb.org/articles?id=10.1257/aer.98.4.1707>.
- Thomas Chaney. The gravity equation in international trade: An explanation. *Journal of Political Economy*, 126(1):150–177, 2018. doi: 10.1086/694292.
- Pierre-Philippe Combes, Miren Lafourcade, and Thierry Mayer. The trade-creating effects of business and social networks: evidence from France. *Journal of International Economics*, 66(1):1–29, May 2005. ISSN 0022-1996. doi: 10.1016/

- j.jinteco.2004.07.003. URL <http://www.sciencedirect.com/science/article/pii/S0022199604001138>.
- Paul Dolfen, Liran Einav, Peter J Klenow, Benjamin Klopach, Jonathan D Levin, Laurence Levin, and Wayne Best. Assessing the gains from e-commerce. Working Paper 25610, National Bureau of Economic Research, February 2019. URL <http://www.nber.org/papers/w25610>.
- Jonathan Eaton and Samuel Kortum. Technology, Geography, and Trade. *Econometrica*, 70(5):1741–1779, 2002. ISSN 1468-0262. doi: 10.1111/1468-0262.00352. URL <http://onlinelibrary.wiley.com/doi/abs/10.1111/1468-0262.00352>. eprint: <https://onlinelibrary.wiley.com/doi/pdf/10.1111/1468-0262.00352>.
- Joseph Francois. The Macro-economic Impact of e-Commerce in the EU Digital Single Market. Papers 987, World Trade Institute, June 2016. URL <https://ideas.repec.org/p/wti/papers/987.html>.
- John W. Galbraith and Greg Tkacz. Analyzing Economic Effects of September 11 and Other Extreme Events Using Debit and Payments System Data. *Canadian Public Policy / Analyse de Politiques*, 39(1):119–134, 2013. ISSN 0317-0861.
- John W. Galbraith and Greg Tkacz. Nowcasting with payments system data. *International Journal of Forecasting*, 34(2):366–376, April 2018. ISSN 0169-2070. doi: 10.1016/j.ijforecast.2016.10.002.
- Matthew Gentzkow. Valuing new goods in a model with complementarity: Online newspapers. *American Economic Review*, 97(3):713–744, June 2007. doi: 10.1257/aer.97.3.713. URL <http://www.aeaweb.org/articles?id=10.1257/aer.97.3.713>.
- Estrella Gomez-Herrera, Bertin Martens, and Geomina Turlea. The drivers and impediments for cross-border e-commerce in the eu. *Information Economics and Policy*, 28, 09 2014. doi: 10.1016/j.infoecopol.2014.05.002.
- Keith Head and Thierry Mayer. Chapter 3 - gravity equations: Workhorse, toolkit, and cookbook. In Gita Gopinath, Elhanan Helpman, and Kenneth Rogoff, editors, *Handbook of International Economics*, volume 4 of *Handbook of International Economics*, pages 131 – 195. Elsevier, 2014. doi: <https://doi.org/10.1016/>

B978-0-444-54314-1.00003-3. URL <http://www.sciencedirect.com/science/article/pii/B9780444543141000033>.

Russell Hillberry and David Hummels. Trade responses to geographic frictions: A decomposition using micro-data. *European Economic Review*, 52(3):527 – 550, 2008. ISSN 0014-2921. doi: <https://doi.org/10.1016/j.euroecorev.2007.03.003>. URL <http://www.sciencedirect.com/science/article/pii/S0014292107000402>.

Ali Hortaçsu, F. Asís Martínez-Jerez, and Jason Douglas. The geography of trade in online transactions: Evidence from ebay and mercadolibre. *American Economic Journal: Microeconomics*, 1(1):53–74, February 2009. doi: 10.1257/mic.1.1.53. URL <http://www.aeaweb.org/articles?id=10.1257/mic.1.1.53>.

Rocco R. Huang. Distance and trade: Disentangling unfamiliarity effects and transport cost effects. *European Economic Review*, 51(1):161 – 181, 2007. ISSN 0014-2921. doi: <https://doi.org/10.1016/j.euroecorev.2005.11.004>. URL <http://www.sciencedirect.com/science/article/pii/S0014292105001455>.

Andreas Lendle, Marcelo Olarreaga, Simon Schropp, and Pierre-Louis Vézina. There Goes Gravity: eBay and the Death of Distance. *The Economic Journal*, 126(591):406–441, 2016. ISSN 1468-0297. doi: 10.1111/eoj.12286. URL <http://onlinelibrary.wiley.com/doi/abs/10.1111/eoj.12286>.

H. Linneman. *An Econometric Study of International Trade Flows*. Amsterdam: North-Holland, 1966.

John McCallum. National Borders Matter: Canada-U.S. Regional Trade Patterns. *The American Economic Review*, 85(3):615–623, 1995. ISSN 0002-8282. URL [www.jstor.org/stable/2118191](http://www.jstor.org/stable/2118191).

Andrea Pozzi. The effect of internet distribution on brick-and-mortar sales. *The RAND Journal of Economics*, 44(3):569–583, 2013. doi: 10.1111/1756-2171.12031. URL <https://onlinelibrary.wiley.com/doi/abs/10.1111/1756-2171.12031>.

James E. Rauch. Networks versus markets in international trade. *Journal of International Economics*, 48(1):7 – 35, 1999. ISSN 0022-1996. doi: [https://doi.org/10.1016/S0022-1996\(98\)00003-3](https://doi.org/10.1016/S0022-1996(98)00003-3).

1016/S0022-1996(98)00009-9. URL <http://www.sciencedirect.com/science/article/pii/S0022199698000099>.

J. Tinbergen. *Shaping the World Economy: Suggestions for an International Economic Policy*. New York: Twentieth Century Fund, 1962.

Z. Wang and A.L. Wolman. Payment choice and currency use: Insights from two billion retail transactions. *Journal of Monetary Economics*, 84:94–115, 2016. doi: 10.1016/j.jmoneco.2016.10.005.

Holger C. Wolf. Intranational home bias in trade. *The Review of Economics and Statistics*, 82(4):555–563, 2000. ISSN 00346535, 15309142. URL <http://www.jstor.org/stable/2646651>.

## A Appendix: Supplementary Tables

[Intended for online posting only]

In this appendix, we provide supplementary tables on a variety of alternative specifications to test the robustness of the results obtained in the baseline regressions. Tables 8 and 9 present regressions similar to the four base-case regressions displayed in Tables 2 and 3, but for the year 2018. Tables 10 through 15 present gravity models for sectoral disaggregations based on alternative measures. Tables 16, 17, 18 and 19 presents alternative models with import-based and commonality measures. Finally, Tables 20, 21, 22, and 23 present expanded models in which we add additional indicator variables to the base specification, particularly for Paris as a special case and for the presence of a foreign border, a sea border, or both.

Table 8: 2018 Trade links with the traditional trade-related measure: value

|                          | Import-based         |                     | Commonality        |                     |
|--------------------------|----------------------|---------------------|--------------------|---------------------|
|                          | Off-line             | Online              | Off-line           | Online              |
|                          | (1)                  | (2)                 | (3)                | (4)                 |
| <b>Log(Distance)</b>     | -0.82***<br>(0.02)   | -0.4***<br>(0.015)  | -0.7***<br>(0.017) | -0.29***<br>(0.023) |
| <b>Neighbors</b>         | 1.46***<br>(0.062)   | 0.45***<br>(0.05)   | 0.79***<br>(0.045) | 0.02<br>(0.052)     |
| <b>SameRegion</b>        | 0.54***<br>(0.055)   | 0.41***<br>(0.038)  | 0.38***<br>(0.043) | 0.26***<br>(0.051)  |
| <b>Log(GDP of Dep i)</b> | 1.06***<br>(0.01)    | 0.97***<br>(0.009)  | 0.9***<br>(0.007)  | 1.4***<br>(0.01)    |
| <b>Log(GDP of Dep j)</b> | 0.98***<br>(0.009)   | 1.59***<br>(0.011)  | 0.91***<br>(0.007) | 1.4***<br>(0.01)    |
| <b>Constant</b>          | -25.57***<br>(0.357) | -40.24***<br>(0.34) | -18.4***<br>(0.32) | -44.52***<br>(0.44) |
| <b>Adj. R-squared</b>    | 0.83                 | 0.84                | 0.88               | 0.85                |
| <b>Observations</b>      | 8930                 | 8930                | 8930               | 8930                |

Notes: This table reports estimation results for models using 2018 trade links with the import-based ( $L_I$ , columns 1-2) and commonality ( $L_C$ , columns 3-4) measures using off-line and online transaction values. Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 9: 2018 Trade links with the traditional trade-related measure: volume

|                          | Import-based         |                      | Commonality          |                      |
|--------------------------|----------------------|----------------------|----------------------|----------------------|
|                          | Off-line<br>(1)      | Online<br>(2)        | Off-line<br>(3)      | Online<br>(4)        |
| <b>Log(Distance)</b>     | -0.85***<br>(0.02)   | -0.37***<br>(0.016)  | -0.73***<br>(0.018)  | -0.26***<br>(0.023)  |
| <b>Neighbors</b>         | 1.39***<br>(0.061)   | 0.44***<br>(0.048)   | 0.72***<br>(0.044)   | 0.05<br>(0.053)      |
| <b>SameRegion</b>        | 0.58***<br>(0.057)   | 0.36***<br>(0.041)   | 0.4***<br>(0.043)    | 0.27***<br>(0.055)   |
| <b>Log(GDP of Dep i)</b> | 1.02***<br>(0.009)   | 0.9***<br>(0.009)    | 0.89***<br>(0.007)   | 1.35***<br>(0.01)    |
| <b>Log(GDP of Dep j)</b> | 0.97***<br>(0.009)   | 1.58***<br>(0.012)   | 0.89***<br>(0.007)   | 1.35***<br>(0.01)    |
| <b>Constant</b>          | -20.79***<br>(0.297) | -34.17***<br>(0.296) | -14.59***<br>(0.268) | -37.37***<br>(0.381) |
| <b>Adj. R-squared</b>    | 0.84                 | 0.83                 | 0.87                 | 0.84                 |
| <b>Observations</b>      | 8930                 | 8930                 | 8930                 | 8930                 |

Notes: This table reports estimation results for the models using 2018 trade links with the import-based ( $L_I$ , columns 1-2) and commonality ( $L_C$ , columns 3-4) measures using off-line and online transaction volumes. Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 10: Sectoral disaggregation of gravity models with import-based measure  $L_I$ : measures based on off-line transaction volumes

|                   | Apparel<br>(1)       | Food<br>(2)          | Clothing<br>(3)      | Health<br>(4)       | Hosting<br>(5)       | Leisure<br>(6)       | Personal Care<br>(7) | Restaurant<br>(8)    | Hyper/Supermarket<br>(9) | Transport<br>(10)    | Auto Sales/Parts<br>(11) |
|-------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|--------------------------|----------------------|--------------------------|
| Log(Distance)     | -0.9***<br>(0.018)   | -0.68***<br>(0.021)  | -0.86***<br>(0.017)  | -0.69***<br>(0.016) | -0.92***<br>(0.015)  | -0.78***<br>(0.019)  | -0.75***<br>(0.018)  | -1.02***<br>(0.014)  | -0.74***<br>(0.015)      | -0.69***<br>(0.025)  | -0.89***<br>(0.017)      |
| Neighbors         | 1.69***<br>(0.048)   | 1.62***<br>(0.056)   | 1.8***<br>(0.045)    | 2.01***<br>(0.044)  | 0.56***<br>(0.04)    | 1.51***<br>(0.05)    | 1.9***<br>(0.048)    | 1.2***<br>(0.039)    | 1.68***<br>(0.04)        | 1.22***<br>(0.068)   | 1.84***<br>(0.045)       |
| SameRegion        | 0.73***<br>(0.051)   | 0.75***<br>(0.058)   | 0.61***<br>(0.048)   | 0.8***<br>(0.046)   | 0.21***<br>(0.042)   | 0.66***<br>(0.053)   | 0.78***<br>(0.05)    | 0.54***<br>(0.04)    | 0.63***<br>(0.042)       | 1.05***<br>(0.072)   | 0.62***<br>(0.048)       |
| Log(GDP of Dep i) | 0.93***<br>(0.01)    | 1.06***<br>(0.011)   | 0.95***<br>(0.009)   | 1.04***<br>(0.009)  | 0.97***<br>(0.008)   | 1.01***<br>(0.01)    | 1.07***<br>(0.009)   | 1.0***<br>(0.008)    | 0.98***<br>(0.008)       | 1.17***<br>(0.014)   | 0.95***<br>(0.009)       |
| Log(GDP of Dep j) | 1.22***<br>(0.01)    | 0.91***<br>(0.011)   | 1.27***<br>(0.009)   | 0.96***<br>(0.009)  | 0.77***<br>(0.008)   | 1.0***<br>(0.01)     | 0.88***<br>(0.009)   | 1.01***<br>(0.008)   | 0.72***<br>(0.008)       | 1.64***<br>(0.014)   | 0.66***<br>(0.009)       |
| Constant          | -29.99***<br>(0.276) | -25.61***<br>(0.299) | -28.63***<br>(0.243) | -26.1***<br>(0.237) | -19.44***<br>(0.216) | -24.82***<br>(0.269) | -26.15***<br>(0.258) | -22.13***<br>(0.207) | -18.32***<br>(0.215)     | -41.32***<br>(0.375) | -19.58***<br>(0.244)     |
| Adj. R-squared    | 0.79                 | 0.71                 | 0.83                 | 0.81                | 0.78                 | 0.76                 | 0.78                 | 0.85                 | 0.8                      | 0.74                 | 0.76                     |
| Observations      | 8426                 | 8918                 | 8929                 | 8929                | 8930                 | 8929                 | 8887                 | 8930                 | 8930                     | 8802                 | 8891                     |

Notes: This table reports the estimation results for the sectoral disaggregation of the model. For each sector (columns 1-11), we regress the logarithm of the import-based trade link measure ( $L_I$ ), using off-line transaction volumes, on the variables used in Table 2. Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 11: Sectoral disaggregation of gravity models with import-based measure  $L_I$ : measures based on online transaction volumes

|                   | Apparel<br>(1)       | Food<br>(2)         | Clothing<br>(3)      | Health<br>(4)       | Hosting<br>(5)       | Leisure<br>(6)      | Personal Care<br>(7) | Restaurant<br>(8)    | Hyper/Supermarket<br>(9) | Transport<br>(10)    | Auto Sales/Parts<br>(11) |
|-------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|----------------------|--------------------------|----------------------|--------------------------|
| Log(Distance)     | -0.01<br>(0.052)     | -0.02<br>(0.034)    | -0.34***<br>(0.037)  | -0.17***<br>(0.045) | -0.77***<br>(0.018)  | -0.65***<br>(0.026) | -0.27***<br>(0.032)  | -0.8***<br>(0.021)   | -0.5***<br>(0.029)       | -0.59***<br>(0.057)  | -0.37***<br>(0.029)      |
| Neighbors         | 0.16<br>(0.138)      | 0.27***<br>(0.091)  | 0.06<br>(0.098)      | 0.61***<br>(0.114)  | 0.2***<br>(0.048)    | 0.9***<br>(0.071)   | 0.7***<br>(0.079)    | 1.31***<br>(0.055)   | 1.91***<br>(0.075)       | 0.08<br>(0.142)      | 0.35***<br>(0.078)       |
| SameRegion        | -0.04<br>(0.147)     | 0.64***<br>(0.095)  | 0.12<br>(0.104)      | 0.52***<br>(0.119)  | 0.25***<br>(0.05)    | 0.53***<br>(0.075)  | 0.66***<br>(0.082)   | 0.62***<br>(0.058)   | 0.73***<br>(0.079)       | 0.85***<br>(0.148)   | 0.09<br>(0.082)          |
| Log(GDP of Dep i) | 0.46***<br>(0.031)   | 0.61***<br>(0.019)  | 0.7***<br>(0.02)     | 0.43***<br>(0.025)  | 1.0***<br>(0.009)    | 0.84***<br>(0.014)  | 0.56***<br>(0.019)   | 0.86***<br>(0.012)   | 0.81***<br>(0.016)       | 0.69***<br>(0.032)   | 0.58***<br>(0.016)       |
| Log(GDP of Dep j) | 0.57***<br>(0.032)   | 0.88***<br>(0.02)   | 1.9***<br>(0.021)    | 0.77***<br>(0.028)  | 1.14***<br>(0.009)   | 1.42***<br>(0.014)  | 0.52***<br>(0.018)   | 0.99***<br>(0.012)   | 1.1***<br>(0.016)        | 1.73***<br>(0.034)   | 1.38***<br>(0.017)       |
| Constant          | -16.73***<br>(0.891) | -24.86***<br>(0.56) | -41.47***<br>(0.589) | -18.53***<br>(0.75) | -29.47***<br>(0.259) | -32.6***<br>(0.394) | -16.31***<br>(0.523) | -26.66***<br>(0.346) | -28.67***<br>(0.454)     | -37.01***<br>(0.953) | -29.55***<br>(0.451)     |
| Adj. R-squared    | 0.16                 | 0.32                | 0.55                 | 0.2                 | 0.76                 | 0.63                | 0.28                 | 0.67                 | 0.54                     | 0.35                 | 0.5                      |
| Observations      | 2719                 | 6042                | 7110                 | 4767                | 8838                 | 8644                | 5334                 | 7104                 | 7636                     | 5658                 | 8083                     |

Notes: This table reports the estimation results for the sectoral disaggregation of the model. For each sector (columns 1-11), we regress the logarithm of the import-based trade link measure ( $L_I$ ), using online transaction volumes, on the variables used in Table 2. Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 12: Sectoral disaggregation of gravity models with commonality measure  $L_C$ : measures based on off-line transaction values

|                   | Apparel<br>(1)       | Food<br>(2)          | Clothing<br>(3)     | Health<br>(4)        | Hosting<br>(5)       | Leisure<br>(6)      | Personal Care<br>(7) | Restaurant<br>(8)    | Hyper/Supermarket<br>(9) | Transport<br>(10)    | Auto Sales/Parts<br>(11) |
|-------------------|----------------------|----------------------|---------------------|----------------------|----------------------|---------------------|----------------------|----------------------|--------------------------|----------------------|--------------------------|
| Log(Distance)     | -0.99***<br>(0.023)  | -0.51***<br>(0.018)  | -0.8***<br>(0.015)  | -0.65***<br>(0.015)  | -0.61***<br>(0.011)  | -0.65***<br>(0.016) | -0.56***<br>(0.017)  | -0.82***<br>(0.011)  | -0.58***<br>(0.012)      | -0.71***<br>(0.02)   | -0.97***<br>(0.016)      |
| Neighbors         | 1.39***<br>(0.059)   | 1.2***<br>(0.049)    | 1.44***<br>(0.041)  | 1.84***<br>(0.042)   | 0.3***<br>(0.03)     | 1.22***<br>(0.044)  | 1.47***<br>(0.047)   | 0.67***<br>(0.03)    | 1.34***<br>(0.033)       | 0.62***<br>(0.055)   | 1.56***<br>(0.042)       |
| SameRegion        | 0.66***<br>(0.062)   | 0.69***<br>(0.051)   | 0.47***<br>(0.043)  | 0.8***<br>(0.044)    | 0.14***<br>(0.031)   | 0.58***<br>(0.046)  | 0.74***<br>(0.05)    | 0.38***<br>(0.031)   | 0.5***<br>(0.035)        | 0.9***<br>(0.058)    | 0.56***<br>(0.044)       |
| Log(GDP of Dep i) | 1.26***<br>(0.013)   | 0.99***<br>(0.01)    | 1.26***<br>(0.008)  | 1.05***<br>(0.009)   | 0.72***<br>(0.006)   | 1.04***<br>(0.009)  | 1.04***<br>(0.01)    | 0.97***<br>(0.006)   | 0.74***<br>(0.007)       | 1.42***<br>(0.011)   | 0.85***<br>(0.009)       |
| Log(GDP of Dep j) | 1.26***<br>(0.013)   | 0.99***<br>(0.01)    | 1.26***<br>(0.008)  | 1.05***<br>(0.009)   | 0.72***<br>(0.006)   | 1.04***<br>(0.009)  | 1.04***<br>(0.01)    | 0.97***<br>(0.006)   | 0.74***<br>(0.007)       | 1.42***<br>(0.011)   | 0.85***<br>(0.009)       |
| Constant          | -41.06***<br>(0.439) | -28.78***<br>(0.321) | -37.8***<br>(0.269) | -31.25***<br>(0.274) | -15.33***<br>(0.195) | -29.3***<br>(0.29)  | -32.37***<br>(0.313) | -22.95***<br>(0.196) | -14.81***<br>(0.216)     | -47.36***<br>(0.365) | -22.05***<br>(0.278)     |
| Adj. R-squared    | 0.73                 | 0.72                 | 0.86                | 0.82                 | 0.79                 | 0.78                | 0.76                 | 0.87                 | 0.79                     | 0.79                 | 0.78                     |
| Observations      | 7950                 | 8930                 | 8930                | 8930                 | 8930                 | 8930                | 8910                 | 8930                 | 8930                     | 8910                 | 8906                     |

Notes: This table reports the estimation results for the sectoral disaggregation of the model. For each sector (columns 1-11), we regress the logarithm of the commonality trade link measure ( $L_c$ ), using off-line transaction values, on the variables used in Table 2. Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 13: Sectoral disaggregation of gravity models with commonality measure  $L_C$ : measures based on online transaction values

|                   | Apparel<br>(1)       | Food<br>(2)          | Clothing<br>(3)      | Health<br>(4)        | Hosting<br>(5)      | Leisure<br>(6)       | Personal Care<br>(7) | Restaurant<br>(8)    | Hyper/Supermarket<br>(9) | Transport<br>(10)    | Auto Sales/Parts<br>(11) |
|-------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|--------------------------|----------------------|--------------------------|
| Log(Distance)     | 0.42***<br>(0.143)   | -0.19***<br>(0.056)  | -0.27***<br>(0.05)   | 0.07<br>(0.067)      | -0.27***<br>(0.011) | -0.57***<br>(0.03)   | -0.14***<br>(0.051)  | -0.48***<br>(0.031)  | -0.34***<br>(0.028)      | -0.49***<br>(0.084)  | -0.26***<br>(0.035)      |
| Neighbors         | 1.45**<br>(0.599)    | -0.09<br>(0.166)     | 0.25*<br>(0.146)     | 0.35*<br>(0.179)     | 0.21***<br>(0.029)  | 0.29***<br>(0.079)   | 0.01<br>(0.121)      | 0.98***<br>(0.075)   | 1.8***<br>(0.071)        | -0.99***<br>(0.219)  | -0.17*<br>(0.094)        |
| SameRegion        | -0.25<br>(0.508)     | 0.03<br>(0.164)      | -0.14<br>(0.153)     | 0.4**<br>(0.186)     | 0.27***<br>(0.03)   | 0.36***<br>(0.083)   | 0.34***<br>(0.119)   | 0.63***<br>(0.079)   | 0.59***<br>(0.074)       | 0.87***<br>(0.225)   | 0.15<br>(0.101)          |
| Log(GDP of Dep i) | 0.46***<br>(0.086)   | 0.48***<br>(0.034)   | 1.45***<br>(0.033)   | 0.51***<br>(0.046)   | 0.92***<br>(0.006)  | 1.33***<br>(0.017)   | 0.37***<br>(0.033)   | 0.79***<br>(0.019)   | 0.87***<br>(0.017)       | 1.32***<br>(0.057)   | 1.1***<br>(0.021)        |
| Log(GDP of Dep j) | 0.46***<br>(0.086)   | 0.48***<br>(0.034)   | 1.45***<br>(0.033)   | 0.51***<br>(0.046)   | 0.92***<br>(0.006)  | 1.33***<br>(0.017)   | 0.37***<br>(0.033)   | 0.79***<br>(0.019)   | 0.87***<br>(0.017)       | 1.32***<br>(0.057)   | 1.1***<br>(0.021)        |
| Constant          | -17.64***<br>(2.821) | -14.32***<br>(1.174) | -54.98***<br>(1.191) | -17.27***<br>(1.542) | -27.71***<br>(0.19) | -46.31***<br>(0.561) | -10.04***<br>(1.106) | -26.12***<br>(0.627) | -28.84***<br>(0.568)     | -47.69***<br>(2.007) | -37.74***<br>(0.7)       |
| Adj. R-squared    | 0.18                 | 0.15                 | 0.42                 | 0.1                  | 0.84                | 0.59                 | 0.16                 | 0.41                 | 0.48                     | 0.22                 | 0.41                     |
| Observations      | 306                  | 2114                 | 4262                 | 2196                 | 8930                | 8170                 | 1410                 | 5924                 | 6974                     | 3658                 | 7144                     |

Notes: This table reports the estimation results for the sectoral disaggregation of the model. For each sector (columns 1-11), we regress the logarithm of the commonality trade link measure ( $L_c$ ), using online transaction values, on the variables used in Table 2. Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 14: Sectoral disaggregation of gravity models with commonality measure  $L_C$ : measures based on off-line transaction volumes

|                   | Apparel<br>(1)      | Food<br>(2)         | Clothing<br>(3)      | Health<br>(4)        | Hosting<br>(5)      | Leisure<br>(6)       | Personal Care<br>(7) | Restaurant<br>(8)    | Hyper/Supermarket<br>(9) | Transport<br>(10)    | Auto Sales/Parts<br>(11) |
|-------------------|---------------------|---------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|--------------------------|----------------------|--------------------------|
| Log(Distance)     | -0.93***<br>(0.019) | -0.5***<br>(0.018)  | -0.8***<br>(0.015)   | -0.58***<br>(0.015)  | -0.69***<br>(0.011) | -0.66***<br>(0.016)  | -0.55***<br>(0.016)  | -0.92***<br>(0.011)  | -0.62***<br>(0.012)      | -0.79***<br>(0.019)  | -0.86***<br>(0.016)      |
| Neighbors         | 1.28***<br>(0.049)  | 1.23***<br>(0.049)  | 1.46***<br>(0.042)   | 1.68***<br>(0.04)    | 0.31***<br>(0.03)   | 1.16***<br>(0.043)   | 1.48***<br>(0.044)   | 0.62***<br>(0.03)    | 1.25***<br>(0.033)       | 0.69***<br>(0.053)   | 1.62***<br>(0.042)       |
| SameRegion        | 0.68***<br>(0.052)  | 0.74***<br>(0.052)  | 0.49***<br>(0.044)   | 0.79***<br>(0.042)   | 0.14***<br>(0.031)  | 0.57***<br>(0.045)   | 0.76***<br>(0.046)   | 0.36***<br>(0.031)   | 0.55***<br>(0.035)       | 0.96***<br>(0.055)   | 0.58***<br>(0.045)       |
| Log(GDP of Dep i) | 1.11***<br>(0.011)  | 0.94***<br>(0.01)   | 1.18***<br>(0.008)   | 0.95***<br>(0.008)   | 0.66***<br>(0.006)  | 1.01***<br>(0.008)   | 0.96***<br>(0.009)   | 0.92***<br>(0.006)   | 0.74***<br>(0.007)       | 1.43***<br>(0.01)    | 0.71***<br>(0.008)       |
| Log(GDP of Dep j) | 1.11***<br>(0.011)  | 0.94***<br>(0.01)   | 1.18***<br>(0.008)   | 0.95***<br>(0.008)   | 0.66***<br>(0.006)  | 1.01***<br>(0.008)   | 0.96***<br>(0.009)   | 0.92***<br>(0.006)   | 0.74***<br>(0.007)       | 1.43***<br>(0.01)    | 0.71***<br>(0.008)       |
| Constant          | -31.6***<br>(0.294) | -23.5***<br>(0.265) | -29.75***<br>(0.223) | -23.63***<br>(0.213) | -11.84***<br>(0.16) | -23.81***<br>(0.231) | -25.9***<br>(0.235)  | -16.99***<br>(0.159) | -12.56***<br>(0.179)     | -40.29***<br>(0.284) | -15.96***<br>(0.228)     |
| Adj. R-squared    | 0.78                | 0.72                | 0.85                 | 0.82                 | 0.78                | 0.79                 | 0.78                 | 0.88                 | 0.8                      | 0.83                 | 0.75                     |
| Observations      | 7950                | 8930                | 8930                 | 8930                 | 8930                | 8930                 | 8910                 | 8930                 | 8930                     | 8910                 | 8906                     |

Notes: This table reports the estimation results for the sectoral disaggregation of the model. For each sector (columns 1-11), we regress the logarithm of the commonality trade link measure ( $L_c$ ), using off-line transaction volumes, on the variables used in Table 2. Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 15: Sectoral disaggregation of gravity models with commonality measure  $L_C$ : measures based on online transaction volumes

|                   | Apparel<br>(1)      | Food<br>(2)          | Clothing<br>(3)      | Health<br>(4)       | Hosting<br>(5)       | Leisure<br>(6)       | Personal Care<br>(7) | Restaurant<br>(8)   | Hyper/Supermarket<br>(9) | Transport<br>(10)    | Auto Sales/Parts<br>(11) |
|-------------------|---------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|---------------------|--------------------------|----------------------|--------------------------|
| Log(Distance)     | 0.21**<br>(0.107)   | -0.11**<br>(0.046)   | -0.27***<br>(0.049)  | 0.12**<br>(0.06)    | -0.3***<br>(0.009)   | -0.52***<br>(0.028)  | -0.06<br>(0.041)     | -0.79***<br>(0.022) | -0.35***<br>(0.025)      | -0.58***<br>(0.072)  | -0.2***<br>(0.034)       |
| Neighbors         | 0.39<br>(0.449)     | -0.12<br>(0.137)     | 0.22<br>(0.143)      | 0.4**<br>(0.163)    | 0.23***<br>(0.026)   | 0.42***<br>(0.074)   | 0.11<br>(0.097)      | 0.9***<br>(0.055)   | 1.69***<br>(0.064)       | -0.77***<br>(0.189)  | -0.1<br>(0.09)           |
| SameRegion        | -0.32<br>(0.38)     | 0.31**<br>(0.135)    | -0.16<br>(0.15)      | 0.29*<br>(0.169)    | 0.24***<br>(0.027)   | 0.47***<br>(0.078)   | 0.44***<br>(0.096)   | 0.52***<br>(0.057)  | 0.56***<br>(0.067)       | 0.61***<br>(0.194)   | 0.17*<br>(0.097)         |
| Log(GDP of Dep i) | 0.16***<br>(0.061)  | 0.51***<br>(0.026)   | 1.34***<br>(0.031)   | 0.46***<br>(0.039)  | 0.77***<br>(0.005)   | 1.24***<br>(0.015)   | 0.31***<br>(0.025)   | 0.76***<br>(0.013)  | 0.8***<br>(0.015)        | 1.33***<br>(0.046)   | 1.01***<br>(0.019)       |
| Log(GDP of Dep j) | 0.16***<br>(0.061)  | 0.51***<br>(0.026)   | 1.34***<br>(0.031)   | 0.46***<br>(0.039)  | 0.77***<br>(0.005)   | 1.24***<br>(0.015)   | 0.31***<br>(0.025)   | 0.76***<br>(0.013)  | 0.8***<br>(0.015)        | 1.33***<br>(0.046)   | 1.01***<br>(0.019)       |
| Constant          | -6.24***<br>(1.713) | -16.75***<br>(0.777) | -44.96***<br>(0.938) | -15.9***<br>(1.124) | -20.41***<br>(0.137) | -37.81***<br>(0.425) | -10.21***<br>(0.714) | -21.0***<br>(0.369) | -24.24***<br>(0.414)     | -42.01***<br>(1.388) | -32.18***<br>(0.544)     |
| Adj. R-squared    | 0.05                | 0.24                 | 0.42                 | 0.11                | 0.84                 | 0.61                 | 0.19                 | 0.61                | 0.52                     | 0.3                  | 0.42                     |
| Observations      | 306                 | 2114                 | 4262                 | 2196                | 8930                 | 8170                 | 1410                 | 5924                | 6974                     | 3658                 | 7144                     |

Notes: This table reports the estimation results for the sectoral disaggregation of the model. For each sector commonality trade link measure ( $L_c$ ), using online transaction volumes, on the variables used in Table 2. Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 16: Alternative gravity models with import-based measure  $L_I$  : off-line

|                               | Value                |                     |                    |                     | Volume               |                      |                     |                     |
|-------------------------------|----------------------|---------------------|--------------------|---------------------|----------------------|----------------------|---------------------|---------------------|
|                               | (1)                  | (2)                 | (3)                | (4)                 | (5)                  | (6)                  | (7)                 | (8)                 |
| Log(Distance)                 | -0.77***<br>(0.024)  | -0.79***<br>(0.021) | -0.91***<br>(0.02) | -1.04***<br>(0.021) | -0.85***<br>(0.025)  | -0.85***<br>(0.021)  | -0.99***<br>(0.021) | -1.09***<br>(0.022) |
| Neighbors                     | 1.47***<br>(0.065)   | 1.48***<br>(0.062)  | 1.4***<br>(0.061)  | 1.3***<br>(0.066)   | 1.35***<br>(0.065)   | 1.39***<br>(0.062)   | 1.28***<br>(0.062)  | 1.18***<br>(0.066)  |
| SameRegion                    | 0.64***<br>(0.062)   | 0.58***<br>(0.057)  | 0.43***<br>(0.055) | 0.34***<br>(0.059)  | 0.62***<br>(0.065)   | 0.59***<br>(0.059)   | 0.41***<br>(0.057)  | 0.35***<br>(0.061)  |
| Log(Population of Dep i)      | 1.16***<br>(0.012)   |                     |                    |                     | 1.18***<br>(0.013)   |                      |                     |                     |
| Log(Population of Dep j)      | 1.07***<br>(0.011)   |                     |                    |                     | 1.16***<br>(0.012)   |                      |                     |                     |
| Log(NumberCards Dep i)        |                      | 1.09***<br>(0.01)   |                    |                     |                      | 1.1***<br>(0.01)     |                     |                     |
| Log(NumberCards Dep j)        |                      | 0.97***<br>(0.009)  |                    |                     |                      | 1.02***<br>(0.01)    |                     |                     |
| Log(NumberRetailers Dep i)    |                      |                     | 1.18***<br>(0.011) |                     |                      |                      | 1.18***<br>(0.011)  |                     |
| Log(NumberRetailers Dep j)    |                      |                     | 1.22***<br>(0.01)  |                     |                      |                      | 1.31***<br>(0.011)  |                     |
| Constant                      | -11.63***<br>(0.308) | -6.9***<br>(0.233)  | -3.0***<br>(0.195) | 19.06***<br>(0.133) | -16.19***<br>(0.313) | -10.99***<br>(0.236) | -7.01***<br>(0.2)   | 15.68***<br>(0.141) |
| Dep i and Dep j fixed effects | No                   | No                  | No                 | Yes                 | No                   | No                   | No                  | Yes                 |
| Adj. R-squared                | 0.77                 | 0.8                 | 0.84               | 0.92                | 0.77                 | 0.82                 | 0.83                | 0.92                |
| Observations                  | 8930                 | 8930                | 8930               | 8930                | 8930                 | 8930                 | 8930                | 8930                |

Notes: This table reports estimation results for alternative models. We use alternative measures of the size of a regional economy, including population, number of cards, number of retailers, and département fixed effects. The dependent variable is the log trade links with the import-based measure ( $L_I$ ) using off-line transaction values (columns 1-4) and volumes (columns 5-8). Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 17: Alternative gravity models with commonality measure  $L_C$  : off-line

|                               | Value               |                     |                     |                     | Volume               |                     |                     |                     |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
|                               | (1)                 | (2)                 | (3)                 | (4)                 | (5)                  | (6)                 | (7)                 | (8)                 |
| Log(Distance)                 | -0.64***<br>(0.021) | -0.67***<br>(0.018) | -0.77***<br>(0.017) | -0.85***<br>(0.017) | -0.7***<br>(0.02)    | -0.73***<br>(0.018) | -0.83***<br>(0.017) | -0.88***<br>(0.018) |
| Neighbors                     | 0.83***<br>(0.049)  | 0.81***<br>(0.045)  | 0.77***<br>(0.044)  | 0.71***<br>(0.047)  | 0.73***<br>(0.049)   | 0.72***<br>(0.045)  | 0.67***<br>(0.044)  | 0.64***<br>(0.048)  |
| SameRegion                    | 0.48***<br>(0.05)   | 0.42***<br>(0.045)  | 0.29***<br>(0.043)  | 0.23***<br>(0.045)  | 0.46***<br>(0.05)    | 0.4***<br>(0.046)   | 0.27***<br>(0.044)  | 0.22***<br>(0.048)  |
| Log(Population of Dep i)      | 0.99***<br>(0.009)  |                     |                     |                     | 1.03***<br>(0.01)    |                     |                     |                     |
| Log(Population of Dep j)      | 0.99***<br>(0.009)  |                     |                     |                     | 1.03***<br>(0.01)    |                     |                     |                     |
| Log(NumberCards Dep i)        |                     | 0.91***<br>(0.008)  |                     |                     |                      | 0.94***<br>(0.008)  |                     |                     |
| Log(NumberCards Dep j)        |                     | 0.91***<br>(0.008)  |                     |                     |                      | 0.94***<br>(0.008)  |                     |                     |
| Log(NumberRetailers Dep i)    |                     |                     | 1.07***<br>(0.008)  |                     |                      |                     | 1.11***<br>(0.009)  |                     |
| Log(NumberRetailers Dep j)    |                     |                     | 1.07***<br>(0.008)  |                     |                      |                     | 1.11***<br>(0.009)  |                     |
| Constant                      | -6.13***<br>(0.271) | -1.71***<br>(0.207) | 1.41***<br>(0.165)  | 20.88***<br>(0.105) | -10.54***<br>(0.279) | -5.78***<br>(0.213) | -2.47***<br>(0.174) | 17.46***<br>(0.112) |
| Dep i and Dep j fixed effects | No                  | No                  | No                  | Yes                 | No                   | No                  | No                  | Yes                 |
| Adj. R-squared                | 0.8                 | 0.85                | 0.89                | 0.95                | 0.81                 | 0.87                | 0.89                | 0.95                |
| Observations                  | 8930                | 8930                | 8930                | 8930                | 8930                 | 8930                | 8930                | 8930                |

Notes: This table reports estimation results for alternative models. We use alternative measures of the size of a regional economy, including population, number of cards, number of retailers, and département fixed effects. The dependent variable is the log trade links with the import-based measure ( $L_C$ ) using off-line transaction values (columns 1-4) and volumes (columns 5-8). Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 18: Alternative gravity models with import-based measure  $L_I$  : online

|                               | Value                |                      |                      |                     | Volume               |                      |                      |                     |
|-------------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|---------------------|
|                               | (1)                  | (2)                  | (3)                  | (4)                 | (5)                  | (6)                  | (7)                  | (8)                 |
| Log(Distance)                 | -0.29***<br>(0.019)  | -0.36***<br>(0.016)  | -0.45***<br>(0.014)  | -0.36***<br>(0.012) | -0.28***<br>(0.02)   | -0.37***<br>(0.017)  | -0.45***<br>(0.016)  | -0.34***<br>(0.011) |
| Neighbors                     | 0.53***<br>(0.057)   | 0.48***<br>(0.051)   | 0.44***<br>(0.045)   | 0.58***<br>(0.044)  | 0.52***<br>(0.056)   | 0.44***<br>(0.048)   | 0.43***<br>(0.046)   | 0.59***<br>(0.044)  |
| SameRegion                    | 0.58***<br>(0.048)   | 0.45***<br>(0.039)   | 0.33***<br>(0.038)   | 0.31***<br>(0.035)  | 0.53***<br>(0.05)    | 0.37***<br>(0.039)   | 0.28***<br>(0.043)   | 0.29***<br>(0.035)  |
| Log(Population of Dep i)      | 1.06***<br>(0.011)   |                      |                      |                     | 1.04***<br>(0.013)   |                      |                      |                     |
| Log(Population of Dep j)      | 1.82***<br>(0.014)   |                      |                      |                     | 1.9***<br>(0.016)    |                      |                      |                     |
| Log(NumberCards Dep i)        |                      | 1.0***<br>(0.009)    |                      |                     |                      | 0.97***<br>(0.01)    |                      |                     |
| Log(NumberCards Dep j)        |                      | 1.63***<br>(0.011)   |                      |                     |                      | 1.69***<br>(0.013)   |                      |                     |
| Log(NumberRetailers Dep i)    |                      |                      | 1.08***<br>(0.01)    |                     |                      |                      | 1.05***<br>(0.011)   |                     |
| Log(NumberRetailers Dep j)    |                      |                      | 1.9***<br>(0.012)    |                     |                      |                      | 1.98***<br>(0.014)   |                     |
| Constant                      | -23.81***<br>(0.285) | -17.09***<br>(0.222) | -11.76***<br>(0.173) | 15.14***<br>(0.079) | -29.38***<br>(0.309) | -22.17***<br>(0.235) | -17.01***<br>(0.192) | 9.8***<br>(0.071)   |
| Dep i and Dep j fixed effects | No                   | No                   | No                   | Yes                 | No                   | No                   | No                   | Yes                 |
| Adj. R-squared                | 0.81                 | 0.8                  | 0.85                 | 0.97                | 0.79                 | 0.79                 | 0.83                 | 0.98                |
| Observations                  | 8930                 | 8930                 | 8930                 | 8930                | 8930                 | 8930                 | 8930                 | 8930                |

Notes: This table reports estimation results for alternative models. We use alternative measures of the size of a regional economy, including population, number of cards, number of retailers, and département fixed effects. The dependent variable is the log trade links with the import-based measure ( $L_I$ ) using online transaction values (columns 1-4) and volumes (columns 5-8). Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 19: Alternative gravity models with commonality measure  $L_C$  : online

|                                      | Value                |                      |                      |                     | Volume               |                      |                      |                     |
|--------------------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|---------------------|
|                                      | (1)                  | (2)                  | (3)                  | (4)                 | (5)                  | (6)                  | (7)                  | (8)                 |
| <b>Log(Distance)</b>                 | -0.16***<br>(0.026)  | -0.25***<br>(0.024)  | -0.35***<br>(0.021)  | -0.19***<br>(0.008) | -0.17***<br>(0.027)  | -0.26***<br>(0.024)  | -0.36***<br>(0.023)  | -0.18***<br>(0.008) |
| <b>Neighbors</b>                     | 0.1<br>(0.062)       | 0.05<br>(0.055)      | 0.01<br>(0.048)      | 0.24***<br>(0.029)  | 0.12*<br>(0.063)     | 0.04<br>(0.054)      | 0.02<br>(0.051)      | 0.27***<br>(0.03)   |
| <b>SameRegion</b>                    | 0.45***<br>(0.062)   | 0.32***<br>(0.052)   | 0.19***<br>(0.047)   | 0.14***<br>(0.026)  | 0.44***<br>(0.065)   | 0.27***<br>(0.053)   | 0.16***<br>(0.053)   | 0.15***<br>(0.027)  |
| <b>Log(Population of Dep i)</b>      | 1.57***<br>(0.013)   |                      |                      |                     | 1.61***<br>(0.014)   |                      |                      |                     |
| <b>Log(Population of Dep j)</b>      | 1.57***<br>(0.013)   |                      |                      |                     | 1.61***<br>(0.014)   |                      |                      |                     |
| <b>Log(NumberCards Dep i)</b>        |                      | 1.43***<br>(0.011)   |                      |                     |                      | 1.45***<br>(0.012)   |                      |                     |
| <b>Log(NumberCards Dep j)</b>        |                      | 1.43***<br>(0.011)   |                      |                     |                      | 1.45***<br>(0.012)   |                      |                     |
| <b>Log(NumberRetailers Dep i)</b>    |                      |                      | 1.64***<br>(0.011)   |                     |                      |                      | 1.67***<br>(0.012)   |                     |
| <b>Log(NumberRetailers Dep j)</b>    |                      |                      | 1.64***<br>(0.011)   |                     |                      |                      | 1.67***<br>(0.012)   |                     |
| <b>Constant</b>                      | -26.79***<br>(0.364) | -19.28***<br>(0.291) | -13.76***<br>(0.221) | 15.21***<br>(0.056) | -32.16***<br>(0.387) | -24.22***<br>(0.307) | -18.77***<br>(0.241) | 10.29***<br>(0.056) |
| <b>Dep i and Dep j fixed effects</b> | No                   | No                   | No                   | Yes                 | No                   | No                   | No                   | Yes                 |
| <b>Adj. R-squared</b>                | 0.82                 | 0.84                 | 0.87                 | 0.99                | 0.81                 | 0.84                 | 0.85                 | 0.99                |
| <b>Observations</b>                  | 8930                 | 8930                 | 8930                 | 8930                | 8930                 | 8930                 | 8930                 | 8930                |

Notes: This table reports estimation results for alternative models. We use alternative measures of the size of a regional economy, including population, number of cards, number of retailers, and département fixed effects. The dependent variable is the log trade links with the import-based measure ( $L_C$ ) using online transaction values (columns 1-4) and volumes (columns 5-8). Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 20: Expanded gravity models with import-based measure  $L_I$  : off-line

|                               | Value                |                     |                      | Volume               |                      |                      |
|-------------------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
|                               | (1)                  | (2)                 | (3)                  | (4)                  | (5)                  | (6)                  |
| <b>Log(Distance)</b>          | -0.85***<br>(0.021)  | -0.93***<br>(0.022) | -0.94***<br>(0.021)  | -0.89***<br>(0.022)  | -0.99***<br>(0.023)  | -0.99***<br>(0.022)  |
| <b>Neighbors</b>              | 1.45***<br>(0.063)   | 1.37***<br>(0.062)  | 1.35***<br>(0.062)   | 1.35***<br>(0.062)   | 1.26***<br>(0.061)   | 1.25***<br>(0.061)   |
| <b>SameRegion</b>             | 0.52***<br>(0.056)   | 0.47***<br>(0.055)  | 0.48***<br>(0.054)   | 0.53***<br>(0.058)   | 0.48***<br>(0.057)   | 0.48***<br>(0.056)   |
| <b>Log(GDP of Dep i)</b>      | 1.03***<br>(0.01)    | 1.03***<br>(0.011)  | 1.03***<br>(0.01)    | 0.99***<br>(0.01)    | 0.98***<br>(0.01)    | 0.98***<br>(0.01)    |
| <b>Log(GDP of Dep j)</b>      | 1.02***<br>(0.009)   | 0.94***<br>(0.01)   | 0.97***<br>(0.01)    | 1.05***<br>(0.009)   | 0.98***<br>(0.01)    | 1.0***<br>(0.01)     |
| <b>Paris Dep i</b>            | 0.16*<br>(0.089)     | 0.17*<br>(0.089)    |                      | 0.0<br>(0.087)       | 0.04<br>(0.088)      |                      |
| <b>Paris Dep j</b>            | 0.41***<br>(0.062)   | 0.69***<br>(0.068)  |                      | 0.29***<br>(0.067)   | 0.55***<br>(0.073)   |                      |
| <b>SeaBorder Dep i</b>        |                      | 0.08***<br>(0.019)  | 0.07***<br>(0.018)   |                      | 0.12***<br>(0.019)   | 0.12***<br>(0.019)   |
| <b>ForeignBorder Dep i</b>    |                      | 0.04**<br>(0.018)   | 0.04*<br>(0.019)     |                      | 0.08***<br>(0.02)    | 0.08***<br>(0.02)    |
| <b>SeaBorder Dep j</b>        |                      | 0.36***<br>(0.02)   | 0.32***<br>(0.019)   |                      | 0.33***<br>(0.021)   | 0.31***<br>(0.02)    |
| <b>ForeignBorder Dep j</b>    |                      | 0.11***<br>(0.021)  | 0.1***<br>(0.021)    |                      | 0.08***<br>(0.021)   | 0.07***<br>(0.021)   |
| <b>SeaForeignBorder Dep i</b> |                      | -0.18***<br>(0.038) | -0.18***<br>(0.038)  |                      | -0.26***<br>(0.042)  | -0.26***<br>(0.042)  |
| <b>SeaForeignBorder Dep j</b> |                      | 0.07**<br>(0.036)   | 0.08**<br>(0.037)    |                      | 0.06<br>(0.036)      | 0.06<br>(0.037)      |
| <b>Constant</b>               | -25.86***<br>(0.358) | -23.65***<br>(0.4)  | -24.35***<br>(0.401) | -21.64***<br>(0.296) | -19.84***<br>(0.332) | -20.22***<br>(0.327) |
| <b>Adj. R-squared</b>         | 0.83                 | 0.85                | 0.84                 | 0.84                 | 0.85                 | 0.85                 |
| <b>Observations</b>           | 8930                 | 8930                | 8930                 | 8930                 | 8930                 | 8930                 |

Notes: This table reports estimation results for expanded models. We include Paris, sea border, foreign border and sea+foreign border dummy variables. The dependent variable is the log trade links with the import-based measure ( $L_I$ ) using off-line transaction values (columns 1-3) and volumes (columns 4-6). Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 21: Expanded gravity models with commonality measure  $L_C$  : off-line

|                               | Value                |                      |                      | Volume               |                      |                      |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                               | (1)                  | (2)                  | (3)                  | (4)                  | (5)                  | (6)                  |
| <b>Log(Distance)</b>          | -0.71***<br>(0.018)  | -0.78***<br>(0.018)  | -0.78***<br>(0.018)  | -0.74***<br>(0.018)  | -0.81***<br>(0.019)  | -0.81***<br>(0.019)  |
| <b>Neighbors</b>              | 0.81***<br>(0.046)   | 0.74***<br>(0.045)   | 0.73***<br>(0.045)   | 0.74***<br>(0.045)   | 0.66***<br>(0.045)   | 0.65***<br>(0.044)   |
| <b>SameRegion</b>             | 0.37***<br>(0.044)   | 0.34***<br>(0.043)   | 0.35***<br>(0.042)   | 0.37***<br>(0.045)   | 0.35***<br>(0.044)   | 0.35***<br>(0.043)   |
| <b>Log(GDP of Dep i)</b>      | 0.91***<br>(0.007)   | 0.87***<br>(0.008)   | 0.89***<br>(0.008)   | 0.9***<br>(0.007)    | 0.86***<br>(0.008)   | 0.87***<br>(0.008)   |
| <b>Log(GDP of Dep j)</b>      | 0.91***<br>(0.007)   | 0.87***<br>(0.008)   | 0.89***<br>(0.008)   | 0.9***<br>(0.007)    | 0.86***<br>(0.008)   | 0.87***<br>(0.008)   |
| <b>Paris Dep i</b>            | 0.25***<br>(0.067)   | 0.38***<br>(0.07)    |                      | 0.24***<br>(0.067)   | 0.37***<br>(0.071)   |                      |
| <b>Paris Dep j</b>            | 0.26***<br>(0.063)   | 0.39***<br>(0.066)   |                      | 0.25***<br>(0.063)   | 0.38***<br>(0.067)   |                      |
| <b>SeaBorder Dep i</b>        |                      | 0.2***<br>(0.014)    | 0.19***<br>(0.013)   |                      | 0.21***<br>(0.014)   | 0.19***<br>(0.014)   |
| <b>ForeignBorder Dep i</b>    |                      | 0.02<br>(0.014)      | 0.01<br>(0.014)      |                      | 0.03*<br>(0.014)     | 0.02<br>(0.014)      |
| <b>SeaBorder Dep j</b>        |                      | 0.2***<br>(0.014)    | 0.19***<br>(0.013)   |                      | 0.21***<br>(0.014)   | 0.19***<br>(0.014)   |
| <b>ForeignBorder Dep j</b>    |                      | 0.02<br>(0.014)      | 0.01<br>(0.014)      |                      | 0.03*<br>(0.014)     | 0.02*<br>(0.014)     |
| <b>SeaForeignBorder Dep i</b> |                      | -0.06**<br>(0.026)   | -0.06**<br>(0.026)   |                      | -0.1***<br>(0.028)   | -0.1***<br>(0.028)   |
| <b>SeaForeignBorder Dep j</b> |                      | -0.06**<br>(0.026)   | -0.06**<br>(0.026)   |                      | -0.1***<br>(0.028)   | -0.1***<br>(0.028)   |
| <b>Constant</b>               | -18.83***<br>(0.317) | -16.75***<br>(0.359) | -17.37***<br>(0.361) | -15.08***<br>(0.267) | -13.44***<br>(0.306) | -13.92***<br>(0.303) |
| <b>Adj. R-squared</b>         | 0.88                 | 0.88                 | 0.88                 | 0.87                 | 0.88                 | 0.88                 |
| <b>Observations</b>           | 8930                 | 8930                 | 8930                 | 8930                 | 8930                 | 8930                 |

Notes: This table reports estimation results for expanded models. We include Paris, sea border, foreign border and sea+foreign border dummy variables. The dependent variable is the log trade links with the import-based measure ( $L_C$ ) using off-line transaction values (columns 1-3) and volumes (columns 4-6). Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 22: Expanded gravity models with import-based measure  $L_I$  : online

|                        | Value               |                      |                      | Volume               |                      |                      |
|------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                        | (1)                 | (2)                  | (3)                  | (4)                  | (5)                  | (6)                  |
| Log(Distance)          | -0.37***<br>(0.015) | -0.33***<br>(0.016)  | -0.34***<br>(0.016)  | -0.31***<br>(0.016)  | -0.3***<br>(0.017)   | -0.31***<br>(0.017)  |
| Neighbors              | 0.51***<br>(0.049)  | 0.56***<br>(0.049)   | 0.54***<br>(0.05)    | 0.55***<br>(0.05)    | 0.58***<br>(0.049)   | 0.55***<br>(0.05)    |
| SameRegion             | 0.44***<br>(0.037)  | 0.44***<br>(0.038)   | 0.44***<br>(0.038)   | 0.42***<br>(0.041)   | 0.41***<br>(0.041)   | 0.41***<br>(0.042)   |
| Log(GDP of Dep i)      | 0.94***<br>(0.009)  | 0.95***<br>(0.01)    | 0.95***<br>(0.01)    | 0.88***<br>(0.009)   | 0.88***<br>(0.011)   | 0.88***<br>(0.01)    |
| Log(GDP of Dep j)      | 1.59***<br>(0.011)  | 1.63***<br>(0.012)   | 1.67***<br>(0.011)   | 1.57***<br>(0.012)   | 1.61***<br>(0.012)   | 1.67***<br>(0.012)   |
| Paris Dep i            | -0.07<br>(0.074)    | -0.06<br>(0.074)     |                      | -0.16*<br>(0.08)     | -0.14*<br>(0.08)     |                      |
| Paris Dep j            | 1.28***<br>(0.05)   | 1.12***<br>(0.05)    |                      | 1.6***<br>(0.051)    | 1.48***<br>(0.052)   |                      |
| SeaBorder Dep i        |                     | -0.01<br>(0.02)      | -0.01<br>(0.02)      |                      | 0.01<br>(0.022)      | 0.02<br>(0.022)      |
| ForeignBorder Dep i    |                     | 0.11***<br>(0.02)    | 0.11***<br>(0.02)    |                      | 0.12***<br>(0.022)   | 0.12***<br>(0.022)   |
| SeaBorder Dep j        |                     | -0.3***<br>(0.021)   | -0.36***<br>(0.021)  |                      | -0.24***<br>(0.024)  | -0.31***<br>(0.024)  |
| ForeignBorder Dep j    |                     | -0.06***<br>(0.019)  | -0.07***<br>(0.019)  |                      | 0.06***<br>(0.019)   | 0.04**<br>(0.02)     |
| SeaForeignBorder Dep i |                     | -0.08*<br>(0.044)    | -0.08*<br>(0.044)    |                      | -0.08<br>(0.048)     | -0.08<br>(0.049)     |
| SeaForeignBorder Dep j |                     | 0.53***<br>(0.04)    | 0.53***<br>(0.039)   |                      | 0.35***<br>(0.049)   | 0.35***<br>(0.048)   |
| Constant               | -39.82***<br>(0.34) | -41.04***<br>(0.381) | -41.91***<br>(0.372) | -34.24***<br>(0.296) | -35.06***<br>(0.327) | -35.92***<br>(0.326) |
| Adj. R-squared         | 0.85                | 0.85                 | 0.85                 | 0.83                 | 0.84                 | 0.83                 |
| Observations           | 8930                | 8930                 | 8930                 | 8930                 | 8930                 | 8930                 |

Notes: This table reports estimation results for models. We include Paris, sea border, foreign border and sea+foreign border dummy variables. The dependent variable is the log trade links with the import-based measure ( $L_I$ ) using online transaction values (columns 1-3) and volumes (columns 4-6). Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.

Table 23: Expanded gravity models with commonality measure  $L_C$  : online

|                               | Value               |                     |                      | Volume              |                      |                      |
|-------------------------------|---------------------|---------------------|----------------------|---------------------|----------------------|----------------------|
|                               | (1)                 | (2)                 | (3)                  | (4)                 | (5)                  | (6)                  |
| <b>Log(Distance)</b>          | -0.25***<br>(0.022) | -0.16***<br>(0.023) | -0.17***<br>(0.023)  | -0.21***<br>(0.023) | -0.15***<br>(0.024)  | -0.16***<br>(0.024)  |
| <b>Neighbors</b>              | 0.09*<br>(0.052)    | 0.18***<br>(0.053)  | 0.16***<br>(0.053)   | 0.15***<br>(0.054)  | 0.22***<br>(0.054)   | 0.2***<br>(0.055)    |
| <b>SameRegion</b>             | 0.31***<br>(0.05)   | 0.33***<br>(0.05)   | 0.33***<br>(0.051)   | 0.33***<br>(0.053)  | 0.33***<br>(0.053)   | 0.33***<br>(0.054)   |
| <b>Log(GDP of Dep i)</b>      | 1.38***<br>(0.01)   | 1.43***<br>(0.011)  | 1.46***<br>(0.011)   | 1.34***<br>(0.01)   | 1.38***<br>(0.011)   | 1.41***<br>(0.011)   |
| <b>Log(GDP of Dep j)</b>      | 1.38***<br>(0.01)   | 1.43***<br>(0.011)  | 1.46***<br>(0.011)   | 1.34***<br>(0.01)   | 1.38***<br>(0.011)   | 1.41***<br>(0.011)   |
| <b>Paris Dep i</b>            | 0.83***<br>(0.061)  | 0.68***<br>(0.06)   |                      | 0.84***<br>(0.061)  | 0.72***<br>(0.061)   |                      |
| <b>Paris Dep j</b>            | 0.83***<br>(0.061)  | 0.68***<br>(0.06)   |                      | 0.85***<br>(0.061)  | 0.73***<br>(0.061)   |                      |
| <b>SeaBorder Dep i</b>        |                     | -0.3***<br>(0.021)  | -0.33***<br>(0.021)  |                     | -0.25***<br>(0.023)  | -0.28***<br>(0.022)  |
| <b>ForeignBorder Dep i</b>    |                     | -0.03*<br>(0.018)   | -0.04**<br>(0.018)   |                     | 0.05**<br>(0.019)    | 0.04**<br>(0.019)    |
| <b>SeaBorder Dep j</b>        |                     | -0.3***<br>(0.021)  | -0.33***<br>(0.021)  |                     | -0.25***<br>(0.023)  | -0.28***<br>(0.022)  |
| <b>ForeignBorder Dep j</b>    |                     | -0.03*<br>(0.018)   | -0.04**<br>(0.018)   |                     | 0.05**<br>(0.019)    | 0.04**<br>(0.019)    |
| <b>SeaForeignBorder Dep i</b> |                     | 0.39***<br>(0.041)  | 0.39***<br>(0.041)   |                     | 0.31***<br>(0.045)   | 0.31***<br>(0.045)   |
| <b>SeaForeignBorder Dep j</b> |                     | 0.39***<br>(0.041)  | 0.39***<br>(0.041)   |                     | 0.31***<br>(0.045)   | 0.31***<br>(0.045)   |
| <b>Constant</b>               | -44.27***<br>(0.44) | -46.6***<br>(0.492) | -47.71***<br>(0.474) | -37.63***<br>(0.38) | -39.26***<br>(0.419) | -40.19***<br>(0.406) |
| <b>Adj. R-squared</b>         | 0.86                | 0.86                | 0.86                 | 0.85                | 0.86                 | 0.86                 |
| <b>Observations</b>           | 8930                | 8930                | 8930                 | 8930                | 8930                 | 8930                 |

Notes: This table reports estimation results for expanded models. We include Paris, sea border, foreign border and sea+foreign border dummy variables. The dependent variable is the log trade links with the import-based measure ( $L_C$ ) using online transaction values (columns 1-3) and volumes (columns 4-6). Robust standard errors clustered at the distance level are reported in parentheses. \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels, respectively.