

# Social Media Referral Marketing and Consumer Engagement in Sri Lanka's Cosmetics Industry: Unravelling the Moderating Impact of Social Ties

Ashani Rajapaksha<sup>1#</sup>, Damith Sumanasinghe<sup>1</sup>, Tharushi Dharmasiri<sup>1</sup>, Ayesha Dasanayake<sup>1</sup>, Nisha Jayasuriya<sup>1</sup> and Punmadara Jayasinghe<sup>1</sup>

<sup>1</sup>Sri Lanka Institute of Information Technology, Sri Lanka,  
# [ashani.rajapaksha0957@gmail.com](mailto:ashani.rajapaksha0957@gmail.com)

**Abstract** - The aim of this research is to examine the influence of many variables, including brand, rewards, and celebrity endorsement, on consumer participation in social media referral marketing campaigns in the cosmetic sector. Furthermore, this study investigated the moderating effect of social ties on the influence of these factors on consumers' propensity to participate in referral marketing initiatives. A self-administered survey questionnaire was utilized to collect a total of 384 responses from individuals in Sri Lanka who utilize WhatsApp, Instagram, Facebook, and LinkedIn. The researchers employed a convenience sampling strategy to choose the sample. The researchers conducted the final data analysis utilizing a structural equation model. The findings of this study indicate that the influence of brand and rewards on customer willingness to participate is greater compared to the impact of celebrity endorsement. Furthermore, based on the findings, it can be concluded that the presence of a social tie moderates only the impact of brand on customer willingness to participate, and it does not moderate the impact of rewards and celebrity endorsement on customer willingness to participate. This study corroborates certain findings from prior research while also presenting contradictory outcomes. Implications and suggestions for future research are discussed.

**Keywords:** Cosmetic Industry, Referral Marketing Programs and Social Media Referral Marketing.

## I. INTRODUCTION

Viral campaigns on social media have become an increasingly popular advertising approach (Cao et al., 2021). Harrison Walker (2001) asserts that Word-of-mouth (WOM) holds considerable importance as a determinant in the process of consumer decision-making. Referral marketing is a strategic approach employed by marketers to actively encourage customers to share and disseminate a marketing message within their social networks, hence facilitating its wider reach and propagation. The occurrence of message propagation displaying similarities to an epidemic is sometimes denoted as Viral Marketing (Ghosh et al., 2020); (Lai et al., 2017)). Consumer referral systems have been found to enhance sales by incentivizing potential consumers to make purchases following the receipt of favorable ratings from existing customers. In the context of the highly competitive digital economy, numerous firms and individuals heavily rely on positive evaluations and endorsements provided by contented customers. Referral programs are considered crucial in effective marketing strategies because they foster client trust (Lai et al., 2017).

Research has indicated that individuals are inclined to place greater trust in the viewpoints and endorsements of their fellow customers, both in digital and non-digital contexts. Research findings reveal that a significant proportion of customers, over 90%, place reliance on recommendations received from acquaintances, whereas approximately 70% of consumers exhibit trust in the viewpoints expressed by fellow online consumers.

This underscores the need to establish robust connections and cultivate favorable relationships with clients, since doing so can enhance the generation of referrals and amplify the efficacy of referral marketing endeavors (Müller, 2018).

Referral marketing has become a major approach in social media marketing due to its alignment with current developments in the digital environment. Within the business-to-consumer market segments, a notable portion of consumer product firms offer remuneration to their consumers as a means of incentivizing their participation in referral activities. Customers are motivated to promote the company's brands to other consumers by means of referral programs, which include referral fees, price methods, and advertising endeavors. The literature presents a range of referral incentives, such as discounts, cash rewards, redeemable points, awards, and shopping vouchers (Guo, 2012).

Arbatskaya and Hideo (2016) argue that firms that participate in consumer referral programs exhibit a tendency to decrease their promotional endeavors, instead placing greater emphasis on interpersonal motives. In the current digital marketplace, corporations are actively involved in promoting human viewpoints and comments on products and services through social media platforms. The emergence of social networks has enabled the extensive dissemination of personal experiences, hence generating an increasing desire among individuals to obtain experiencing goods.

Based on empirical facts, it can be observed that the cosmetics sector is implementing a social media referral marketing strategy as a means to augment product promotion and sustain customer loyalty. Choedon and Lee (2020) argue that the notable expansion and achievement of the industry may be primarily ascribed to the subsegments of cosmetics and skincare. The concurrent influence of social media, globalization, and e-commerce on consumer preferences for beauty goods has experienced substantial growth and has long-lasting consequences. According to Kotut (2019), the impact of social media platforms and the internet on the selection of popular hair and cosmetic products is substantial. The study conducted by Cooley and Parks-Yancy (2019) examined the preferences of college students from the millennial generation in terms of collecting beauty and fashion advice. The findings of the study indicated that Instagram and YouTube were identified as the most dependable sites for acquiring such recommendations.

This research aims to examine the influence of social ties as a moderating variable on the impact of elements that affect consumer involvement in social media referral marketing programs on their desire to participate. Social ties can be classified as strong when the decision maker has a personal acquaintance with the individuals involved, and as weak when there is a lack of such familiarity. The level of correlation between the decision maker and the sources is a crucial determinant (Duhan et al., 1997)). The importance of social interactions in the field of electronic word-of-mouth research has been emphasized in multiple studies undertaken by Wirtz and Chew (2002), Yoon (2012); Steffes and Burgee (2009), and Voyer, Peter, Ranaweera, and Chatura. (2015). According to Zhang, Feick, and Mittal (2014), a series of research have established that tie strength is a crucial factor in shaping interpersonal electronic word-of-mouth communication.

The literature analysis revealed the identification of three characteristics that exert influence on consumer participation in social media referral marketing programs. The three key elements under consideration are brand, rewards, and celebrity endorsement. According to a survey conducted by Ghosh et al. (2018), a significant majority of respondents (66.9%) indicated that the brand played a pivotal role in their

decision to recommend a product or service. Additionally, a considerable proportion of respondents (55.8%) expressed a preference for receiving a reward when introducing someone to a product or service. Furthermore, Maharani and Ali (2019) conducted a study to investigate the determinants of purchase intentions for Micca. The findings indicated that, in addition to factors such as product benefits, design and packaging, and product composition, a significant proportion of the respondents (87%) were influenced by celebrity endorsement. While prior publications have individually explored each of these aspects, this research sought to analyze their combined impact and identify the most influential component. Moreover, within the cosmetic business, customers' impressions of social media marketing may differ in comparison to other product categories (Binwani & Jessica, 2019). Therefore, the objective of this present study was to examine the possible impact of the indicated variables on customer involvement in the context of social media referral marketing campaigns, with a specific focus on the cosmetics industry.

The previous body of study has predominantly focused on the extensive field of social media marketing (Alves et al., 2016). Nevertheless, there are several alternative strategies for customers to employ when it comes to social media marketing. Therefore, the present study aimed to fill the existing gap in the current body of literature.

Moreover, it was noted by researchers that there is a scarcity of previous research studies on the topic of social media referral marketing (Berman, 2016). Specifically, within the framework of Sri Lanka. The insufficiency acted as an impetus for undertaking this investigation. Furthermore, the present study aimed to address a research gap that exists in the field of social media referral marketing specifically within the cosmetics sector. The rising ubiquity of social media marketing in several industries, along with the increasing importance of referral marketing programs, has prompted an investigation into its suitability within the cosmetics industry. Regardless of the support from a social media influencer or the promotional efforts carried out by a particular brand, the choice of cosmetics requires personalization to meet individual needs (Binwani & Jessica, 2019).

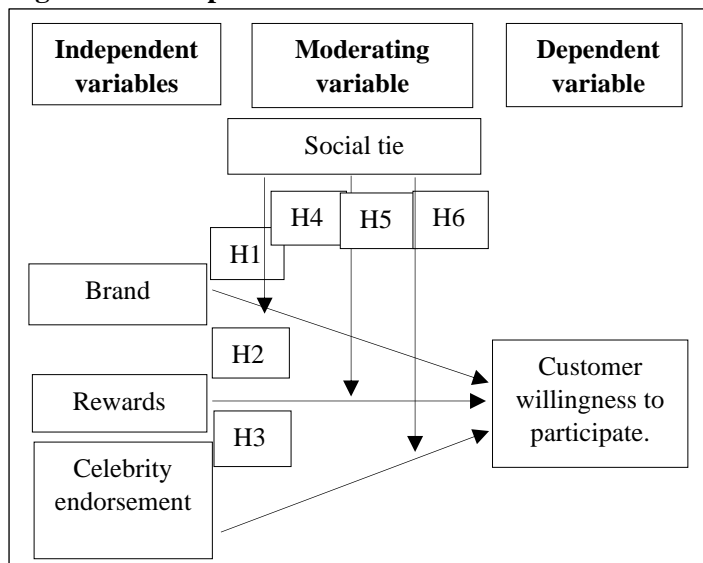
Insufficient study has been undertaken regarding the relationship between social ties and referral marketing initiatives within social network sites (Brown & Reingen, 1987). Prior research has failed to properly investigate the influence of the strength of these links on the effectiveness of persuasive messages (Van Noort, Antheunis, & Reijmersdal, 2012). Therefore, this study aimed to explore the potential impact of social ties on the impact of the factors influencing customer engagement in referral marketing programs on their level of involvement.

The significance of the study's findings is relevant for individuals utilizing social media platforms and seeking to engage with referral programs within the cosmetics sector. Individuals can make well-informed decisions by considering the influence of brand, reward, and celebrity endorsement on their inclination to engage in social media referral programs and acquire a comprehensive understanding of such programs. In addition, social media platforms and entities engaging in social media referral marketing initiatives can gain insights into customer sentiments regarding their marketing strategies. This knowledge can enable them to develop novel advertising approaches aimed at maintaining their market presence. Furthermore, it allows them to comprehend how customers' inclination to partake in social media referral marketing programs within the cosmetics sector is influenced by factors such as brand, rewards, and celebrity endorsements.

Some limitations can be identified in this study. This study gathered data from individuals who engage with many social media platforms, including LinkedIn, Instagram, Facebook, and WhatsApp. Nevertheless, it neglected to consider the potential variations in audience preferences and characteristics across different channels. Therefore, this limitation can be identified as a constraint of the current study. Furthermore, this study has taken responses from females as well as males without considering the difference in opinions of each gender. This is also can be taken as a limitation of this study.

## II. METHODOLOGY AND EXPERIMENTAL DESIGN

**Figure 1. Conceptual Framework**



Source: Authors' compilation.

The impact of consumer referrals on purchase decisions in the digital marketplace is attributed to the active expression of service and product consumption experiences by users in online platforms and societies facilitated by social commerce. The decision-making process of consumers in social commerce is influenced by various psychological factors. The strength of self-reference diminishes, and the purchasing behaviors of customers can be significantly influenced when decisions are made based on referrals. The emotions evoked by word-of-mouth recommendations and conveyed through embedded marketing appeals have an influence on consumers' decision-making processes (Huang et al., 2017)

According to the literature review, three key factors and a moderator that influence consumer engagement in social media referral marketing were identified. Based on those findings, a theoretical framework (Figure 1) was established to evaluate the impact of these variables on consumer engagement, with a specific focus on the cosmetic sector. Using the conceptual framework that has been proposed, six hypotheses have been crafted to assess the impact of the factors on the willingness of customers to engage and the moderating effect of social ties on the impact of identified factors on customer willingness to participate. They are:

*H1: Brand has a significant positive impact on customer willingness to participate in social media referral marketing programs in the cosmetic industry.*

*H2: Rewards have a significant positive impact on customer willingness to participate in social media referral marketing programs in the cosmetic industry.*

*H3: Celebrity endorsement has a significant positive impact on customer willingness to participate in social media referral marketing programs in the cosmetic industry.*

*H4: Social tie moderates the impact of brand on customer willingness to participate in social media referral marketing programs in the cosmetic industry.*

*H5: Social tie moderates the impact of reward on customer willingness to participate in social media referral marketing programs in the cosmetic industry.*

*H6: Social tie moderates the impact of celebrity endorsement on customer willingness to participate in social media referral marketing programs in the cosmetic industry.*

#### **A. Study participants**

This study collected data from Facebook, WhatsApp, Instagram, and LinkedIn users in Sri Lanka using a self-administered questionnaire. This study's questionnaire was self-administered and created using the Google Forms platform. To create the questionnaire, a small number of original questions and tested questions from earlier studies were used. The survey consists of six demographic questions, three filtering questions, and twenty-five questions related to the study's independent and dependent variables. The responses to the twenty-five questions were evaluated using a standard five-point Likert scale, with a score of 1 indicating strong disagreement and a score of 5 indicating strong agreement. These social media platforms represent approximately 21.54 million of Sri Lanka's population. About 11.34 million individuals use the internet. In accordance with the Krejcie and Morgan sampling table, if the population was greater than one million, the sample size could be approximately 384. The population of this study consisted of approximately 32.81 million individuals, so a sample size of 384 was chosen to send out questionnaires and collect data (Hyman, Sierra, & J, 2016). Convenience sampling was used by the researchers as a methodological strategy in this study because it is useful for models that are easily accessible to a community and since the entire sample frame isn't accessible in the context (Mumtaz et al., 2017).

#### **B. Methods**

Using primary sources, information was collected for analysis. The questionnaire was analyzed and evaluated using Univariate analysis (mean, standard deviation) and Bivariate analysis techniques with SPSS version 27.0. To examine the impact between variables, the researcher used descriptive statistics to analyze the data. A regression analysis was conducted to determine the impact between variables.

According to Butler, Chandele Dorahy, and Martin J Middleton (2019), study quality was assessed using reliability evaluations; dependability refers to a measure's consistency. To calculate reliability, Cronbach's Alpha was utilized; this is a test of the internal consistency of each scale, which was independently analyzed. Cronbach's Alpha values of 0.7 or greater indicate a high degree of reliability.

Using the AMOS 23.0 software, the collected survey data was analyzed using the Covariance-based Structural Equation Modelling (CB-SEM) method. It was common practice to support hypotheses with AMOS software (Ong et al., 2017). Latent constructs, according to Awang, Afthanorhan, Mohamad, and Asri (2016), are variables that are not immediately observable. Moreover, if participants were evaluated using a number of questionnaire components, Structural Equation Modelling (SEM) can be utilized to stay current with emerging research approaches.

Due to their prior knowledge of the factor structure and the availability of a well-defined measurement scale for evaluating constructs, the researchers deemed Confirmatory Factor Analysis (CFA) to be the most appropriate technique for factor analysis (Green et al., 2016).

To perform the moderation analysis using the structural equation model, the product indicator approach was used. The methodology proposed by Chin, Marcolin, and Newsted (2003) involves the multiplication of indicators of the independent variables with indicators of the moderator variable, which is known as the product-indicator approach.

### **III. RESULTS**

The collected data were thoroughly analyzed when the data-gathering process was finished. To ensure that the data was suitable for the subsequent step of data analysis and the final decision, it was therefore intended to assess the validity and reliability of the collected data. The study's validity and reliability are demonstrated by the composite reliability and Cronbach's alpha results. The customer's willingness to participate, Cronbach's alpha value was determined to be 0.751. Cronbach's alpha values for the Brand and Celebrity endorsement variables were both 0.706 and 0.863, respectively. Additionally, the Cronbach's alpha value for the Reward variable was 0.769. In the end, the social tie variable showed a Cronbach's alpha value of 0.856, suggesting an acceptable for all values. It is recommended by Hulin, Netemeyer, and Cudeck (2001), that if the Cronbach's alpha values are more than 0.7, it may be seen as a sign of acceptable internal reliability.

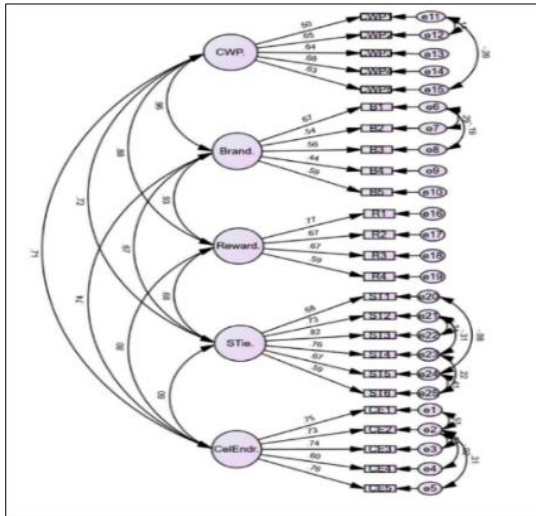
Further values for each variable's composite reliability (CR) and average variance extracted (AVE) values are assessed. Pervan, Curak, and Pavic Kramaric's (2018) study found that two crucial metrics, composite reliability (CR) and average variance extracted (AVE), may be used to evaluate convergent validity. By Awang et al. (2016) and Hair Jr, Hult, Ringle, and Sarstedt (2021), 0.70 and 0.50, respectively, are required as acceptable values for CR and AVE. However, the cut-off value for composite reliability (C.R.) should be as low as 0.6 (Bagozzi & Yi, 1988). Additionally, Fornell and Larcker (1981) claimed that even if AVE is less than 0.5 but composite reliability is larger than 0.6, the construct's convergent validity is still acceptable. Therefore, the results for each value of AVE and CR for the chosen variables are acceptable. Hair, Risher, Sarstedt, and Ringle (2019), in their discussion of the factor loading values, said that values in the range of 0.40 to 0.70 may be justified. This study identifies all factory loading levels that are more than 0.40 and above threshold values.

#### ***A. Measurement model***

After screening the dataset, researchers first evaluated the measurement model of the study before undertaking hypothesis testing. Figure 2 illustrates the results of the investigation that led to the development of the measuring model that Amos 23 suggested.

The maximum likelihood estimation approach was used to perform a five-fold confirmatory factor analysis (CFA). When both conceptual and theoretical parts of a model are supported by empirical evidence, it may be said to be acceptable (fit). In the context of structural equation modeling, the following indices are used to assess model fit:

**Figure 2. Measurement Model**



Source: Authors’ compilation.

According to Marsh and Hocevar (1985), a well-fitting model is considered to be acceptable when the CMIN (Minimum Discrepancy) ratio is less than 5. According to Hu, Bentler, and P (1998). (1998) and West, Meserve, and Stanovich (2012), a value of the Tucker-Lewis index (TLI) or the Comparative Fit Index (CFI) higher than 0.95 denotes a good match. Additionally, IFI (Incremental Fit Index) values close to 1 show a high degree of fit, while the Normed Fit Index (NFI) has a range of 0 to 1, with values close to 1 suggesting an outstanding fit according to Bentler and Bonett (1980) Additionally, RMSEA (Root Mean Square Error of Approximation) values less than 0.05 are indicative of a better match (MacCallum et al., 1996). Finally, for satisfactory results, a parsimonious fit index such as the Parsimony Normed Fixed Index (PNFI) should be > 0.50. According to Schriesheim (1984), the Parsimony Comparative Fix Index value must also be higher than 0.5. The findings, which are shown in Table 1, confirm the acceptance of the research measurement model since all values are achieved.

**Table 1. Model Fit Values Summary**

Name of category	Name of index	Cut off value	Results
Absolute fit	CMIN/DF	> 5	2.385
	RMSEA	0.05 – 0.08	0.060
Incremental fit	CFI	≥ 0.90	0.920
	TLI	≥ 0.90	0.905
	NFI	≥ 0.80	0.871
	IFI	≥ 0.90	0.921
	PCFI	≥ 0.50	0.773

Name of category	Name of index	Cut off value	Results
Parsimonious fit index	PNFI	≥ 0.50	0.732

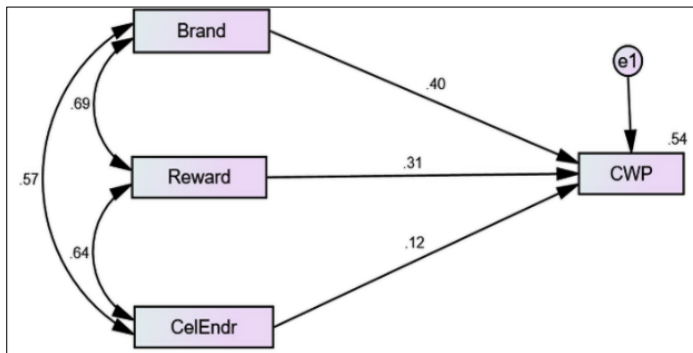
Source: Authors' compilation.

**B. Structural equation model**

The analysis and assessment of the research's hypotheses came next once the measuring model for the study had been successfully established. Two different models are used for the analysis in this research by the authors. The first model (Figure 3) was built using H<sub>1</sub>, H<sub>2</sub>, and H<sub>3</sub> to examine the possible impact.

The outcomes of model 1 are shown in (Figure 3), which demonstrates that all the factors, including brand, reward, and celebrity endorsement, explain 54 percent of the variation in the dependent variable, i.e., consumer willingness to participate, with R<sup>2</sup>=0.54. According to Table 3's findings from the structural equation model, the brand has a positive and substantial influence on customers' willingness to participate in social media referral marketing programs in the cosmetics sector ( $\beta = 0.403$ ,  $t = 8.132$ ,  $p 0.001$ ). The data collected indicate that the findings firmly support the hypothesis (H<sub>1</sub>). The reward has a favorable and substantial impact on Customer willingness to participate in social media referral marketing programs for the cosmetics business ( $\beta = 0.274$ ,  $t = 5.847$ ,  $p 0.001$ ). The current data imply that the hypothesis (H<sub>2</sub>) is adequate. Also, In the cosmetics sector, celebrity endorsement has a favorable and substantial effect on customer desire to participate in social media referral marketing programs ( $\beta = 0.096$ ,  $t = 2.645$ ,  $p 0.008$ ) and it indicated acceptance of hypothesis (H<sub>3</sub>). As a result, the study's findings supported the validity of and acceptance of hypotheses H<sub>1</sub>, H<sub>2</sub>, and H<sub>3</sub>. The results of the current study show connections to the findings of several previous studies.

**Figure 3. Structural Model Results (Excluding Moderating Effect)**



Source: Authors' compilation.

Researchers created a basic model 2, as shown in Figure 4, to test hypotheses H<sub>4</sub>, H<sub>5</sub>, and H<sub>6</sub>. This model contained variables for moderating the impact of social ties to the rewards, brand, and celebrity endorsements. Figure 4 illustrates the study's findings. The picture clearly shows an improvement in the R<sup>2</sup>, which went from 0.54 in model 1 (Figure 3) to 0.59. Additionally, it is relevant to note that the brand variable's path coefficient on customer willingness to participate has improved significantly and now indicates a favorable link with a coefficient value of 0.95. In contrast, there has been a decline in the path coefficients of the rewards and celebrity endorsement variables on Customer



Willingness to Participate, pointing to an adverse connection. In particular, the path coefficient for celebrity endorsement has dropped to -0.14, while the path coefficient for reward has reduced to -0.18.

Accordingly, the findings of the structural equation model for the moderating impact of social ties on the impact of brand on customer willingness to participate (H<sub>4</sub>), rewards on customer willingness to participate (H<sub>5</sub>), and celebrity endorsement on customer willingness to participate (H<sub>6</sub>). According to Table 2, ( $\beta = -0.180$ ,  $t = -3.100$ ,  $p = 0.002$ ) represents the moderating impact of the social ties on the impact of the brand on customer willingness to participate in referral marketing programs. The findings indicate that the hypothesis (H<sub>4</sub>) is acceptable according to the gain results. The moderating effect of social tie impact on the reward to customer willingness to participate ( $\beta = 0.097$ ,  $t = 1.545$ ,  $p = 0.122$ ). The values suggest rejection of hypothesis (H<sub>5</sub>).

Finally, the moderating impact of the social tie on the impact of celebrity endorsement on customer willingness to participate generates values like this;  $\beta = 0.063$ ,  $t = 1.220$ ,  $p = 0.222$ . Its results point to the rejection of the hypothesis (H<sub>6</sub>). The purpose of this study is to determine the three hypotheses, H<sub>4</sub>, H<sub>5</sub>, and H<sub>6</sub>. Only one of these theories was determined to be statistically significant, whereas the other two theories were insignificant according to the study's results. Comparing the results of this inquiry to those from many previous studies, the findings of hypotheses H<sub>5</sub> and H<sub>6</sub> show uniqueness.

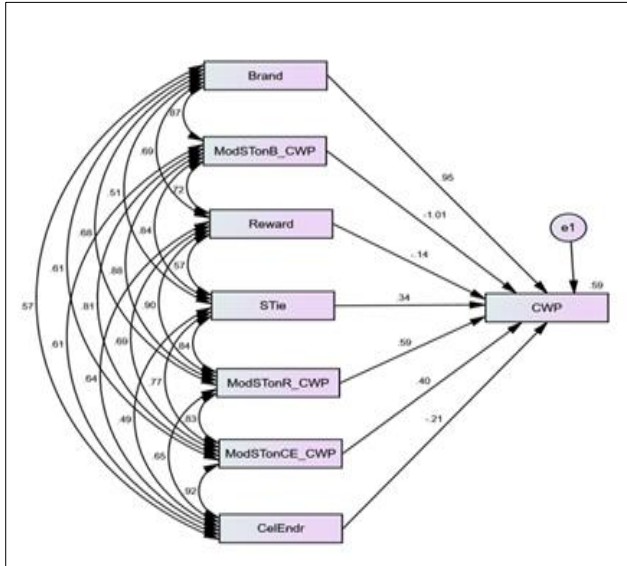
**Table 10. Hypothesis Relationships and Standardized Regression Weights**

Hypothesized relationship		Estimate	t- value	p-value	Result
Customer willingness to participate	<— Brand	0.403	8.132	***	Accept H <sub>1</sub>
Customer willingness to participate	<— Reward	0.274	5.847	***	Accept H <sub>2</sub>
Customer willingness to participate	<— Celebrity endorsement	0.096	2.645	0.008	Accept H <sub>3</sub>
Customer willingness to participate	<— (Mod)Social Tie-on Brand	-0.180	-3.100	0.002	Accept H <sub>4</sub>
Customer willingness to participate	<— (Mod)Social Tie-on Reward	0.097	1.545	0.122	Reject H <sub>5</sub>
Customer willingness to participate	<— (Mod)Social Tie-on Celebrity Endorsement	0.063	1.220	0.222	Reject H <sub>6</sub>

Source: Authors' compilation.

Note: \*\*\* indicates highly significant at  $P < 0.001$ .

t- value = Critical ration, p – value = Significant value.

**Figure 4. Structural Model Results (Including Moderating Effect)**

Source: Authors' compilation.

#### IV. DISCUSSION AND CONCLUSION

The purpose of this research is to examine how three factors—brand, rewards, and celebrity endorsement—impact consumer willingness to participate. The research also attempted to investigate how social ties impacted the influence of these variables and customer participation. According to the study's findings, brand ( $H_1$ ), reward ( $H_2$ ), and celebrity endorsement ( $H_3$ ) all have a big impact on the willingness of customers to take part in social media referral marketing campaigns for cosmetic products. The results presented in this research match with several previous studies.

Initially, the brand has a substantial impact on consumer participation in social media referral marketing programs. P. Becerra and Badrinarayanan (2013) gathered their data from undergraduate students at Southwestern University in the United States, whereas Liao, Shu-Hsien, Chung, Yu-Chun, Hung, Yun-Ru, Widowati, and Retno (2010) gathered their data from the Automotive industry. According to both studies, brand trust has a positive effect on consumer satisfaction, and people who have strong cognitive connections to a brand and trust to are more likely to purchase it and recommend it to others. If we consider the findings of previous research, we can corroborate that the brand has a considerable positive influence on consumer participation in social media referral marketing. It can validate the impact on the cosmetics industry based on this study's results.

The results of the current study reveal the significant impact of rewards on customer participation in social media referral marketing programs in the cosmetics industry. Prior research was conducted by Biyalogorsky, Gerstner, and Libai (2001), Hu, Hai-hua, Zhang, and Xin-Mu. (2021); Jin & Huang (2014) and Orsingher and Wirtz (2018) support this hypothesis ( $H_2$ ) that referral rewards are frequently used as part of marketing campaigns to encourage current consumers to tell others about an organization's particular service or product. Consequently, this study also shows a positive impact on the cosmetics industry, similar to the evidence obtained in previous studies for other industries. The results strongly support hypothesis 2, demonstrating that rewards substantially increase

customer participation in social media referral marketing programs within the cosmetics industry.

In addition, Lin and Lu (2010) mentioned that customers are more likely to embrace information and enable it to influence their opinions, beliefs, ideas, and behaviors when making purchases if it originates from credible sources, such as celebrities promoting products or online word-of-mouth. Additionally, fashion companies such as H&M, Express, and Frye utilize celebrity endorsements to enhance their identities and boost online word-of-mouth referrals for their products and services. Consequently, the outcomes of the present study (H<sub>3</sub>) demonstrated that, similar to other industries, the cosmetics industry also has an impact on consumer participation in social media referral marketing.

Proceed to Hypotheses H<sub>4</sub>, H<sub>5</sub> H<sub>6</sub>, which address the moderating effects of social ties on the impact of brand on Customer Willingness to Participate (H<sub>4</sub>), rewards on Customer Willingness to Participate (H<sub>5</sub>), and celebrity endorsement to Customer Willingness to Participate (H<sub>6</sub>) social media referral marketing program in the cosmetic industry.

Shan and King (2015) demonstrated, using undergraduates from a public university in the South-eastern United States, that Referral attitude reveals a significant interaction between the brand relationship and sender–recipient relationship. Similarly, the present study also indicates that the moderating effects of social ties on the impact of a brand on customer willingness to participate is significant. It refers to the situation in which consumer participation in brand consideration is moderated by social ties.

Examining the moderating effects of the social tie on the reward to Customer Willingness to Participate in social media referral marketing programs in the cosmetic industry (H<sub>5</sub>). According to Song, Wang, Brown, and Hu's (2020) research findings in relation to the banking industry, referral rewards have a favorable effect on recommendations made to strong ties. In addition, research by Wirtz, Orsingher, Chew, and Tambyah (2013) conducted in the setting of a restaurant and a mobile data service shows that social tie has a stronger influence on the reward. However, the social tie between the reward and customer willingness to participate has been shown to be insignificant when looking at the results of this research in the context of the beauty sector.

Finally, Nofal, Bayram, Emeagwali, and Al-Mu'ani (2022) claimed that electronic word of mouth from celebrities and close connections had a significant impact on purchase willingness in their study of social media users in Jordan. However, this research demonstrates that in the case of the cosmetic sector, the moderating effects of the social ties on celebrity endorsement to Customer Willingness to Participate (H<sub>6</sub>) are insignificant.

It may be argued that the cosmetic business is different from other sectors because social ties are not supported by the reward (H<sub>5</sub>) and celebrity endorsement (H<sub>6</sub>) to customer willingness to participate in social media referral marketing programs.

By making use of data from previous studies, it may be possible to confirm the findings of hypotheses H<sub>1</sub>, H<sub>2</sub>, and H<sub>3</sub>. According to evaluations of the results across numerous firms or organizations, brand, reward, and celebrity endorsement have a substantial positive impact on consumer willingness to participate in social media referral marketing. Similar findings were made in the present study, which demonstrated that brand, reward, and celebrity endorsement had a significant positive impact on the willingness of customers to take part in social media referral marketing programs, notably

in the cosmetics industry. As a result, hypothesis H<sub>4</sub> is supported and exhibits a minor moderating effect.

When considering hypotheses, H<sub>5</sub>, and H<sub>6</sub>, which look at the moderating effect, previous research has shown a different result. Compared to the study reported, earlier studies often did not place a strong focus on the cosmetic industry, which might account for the variation in the results. As a result, a theoretical implication can be established, as the moderation effect of social ties in the cosmetic sector differs from that of other industries.

Furthermore, this study makes a valuable contribution to the existing literature by examining the impact of brand, rewards, and celebrity endorsement collectively, whereas previous studies have investigated these factors individually.

The study's findings have real-world implications for social media users interested in social media referral programs in the cosmetics industry. They may get a broad understanding of the social media referral programs and make educated selections depending on how the brand, rewards, and celebrity endorsement affect their willingness to participate. Additionally, social media pages and businesses running social media referral marketing campaigns can discover how customers feel about their marketing plans, come up with creative advertising tactics to help them keep market share, and comprehend how brand recognition, rewards, and celebrity endorsements affect consumers' desire to participate in social media referral marketing programs for the cosmetics industry.

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