

## EFFECT OF BRAND EQUITY AND CONSUMER PSYCHOLOGY ON THE PURCHASE DECISION OF GOODS

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### Abstract

This study aims to answer three problems, namely: 1. Does Brand Equity have a significant effect on Purchase Decision? 2. Does Consumer Psychology have a significant effect on the decision to purchase goods? 3. Does Brand Equity and Consumer Psychology have a significant effect on Purchase Decision? Data collection was carried out using several sources and exploiting books, documents, the internet and other relevant sources. The research was analyzed using annotated bibliography analysis method. The results of the study show that Brand Equity has a significant influence on purchasing decisions. Consumer psychology also has a significant influence on purchasing decisions. Taken together, Brand Equity and Consumer Psychology have a significant effect on purchasing decisions. Among the two independent variables there is one variable that most dominantly influences consumer satisfaction, namely the Consumer Psychological variable

**Keywords:** *Brand Equity, Consumer Psychology, Purchase Decision*

### 1. INTRODUCTION

In the current era of globalization, the rapid development of technology causes competition in the business world to increase. Success in competition will be achieved if the company can create and retain its customers. The company must have a product that has a competitive advantage with its competitors. One of the efforts made by the company is to form a product identity through a brand.

Currently, the business world is experiencing rapid development. This is indicated by the increasingly tight competition that occurs between one producer and another.

The occurrence of competition in the business world can no longer be avoided, even the competition is getting tougher day by day. Company competition to fight over consumers is no longer limited to product functional attributes such as the use of a product, but is already associated with brands that are able to provide an image for a product. A brand is not just a name or a differentiator between a product and other products, but more than that, a brand is able to provide certain associations in the minds of consumers.

Consumers have the right to make a purchase decision based on their needs, so that the decisions made by consumers will be different and form a certain behavior. Realizing this, it seems that the needs of the community encourage companies to develop company performance to observe consumer behavior towards the products provided. Companies observe consumer buying decisions from what they buy, where they buy, how and how much they buy, when the product is bought and why consumers choose the product.

### 2. LITERATURE REVIEW

#### **Brand Equity**

Kotler and Keller (2009:263) The definition of brand equity according to Kotler and Keller is the added value given to products and services. Brand equity can be reflected in the way consumers think, feel and act in relation to the brand, as well as the price, market share and profitability that the brand provides for the company. Brand equity is a set of associations and behaviors that are owned by brand customers, distribution channel members, and companies

that enable a brand to gain strength, durability and excellence that are differentiated from competing brands.

### **Consumer Psychology**

Consumer psychology is the study of motivation, perception, learning, cognition, and buying behavior of individuals in the market and using these products at home. This study can be seen either from the point of view of the seller or the consumer and even from the point of view of both (Carlson et al, 2003: 12).

### **Buying decision**

Purchasing decisions are individual activities that are directly involved in making decisions to make purchases of the products offered by the seller. The definition of decision making according to Kotler and Armstrong (2001:226) is the stage in the buyer's decision-making process where the consumer actually buys.

## **3. RESEARCH METHOD**

The data collection method used in this research is the literature method. The literature method is a method of collecting data by searching or digging from the literature related to what is meant in the problem formulation. The data obtained from various literatures are collected as a single document that is used to answer the problems that have been formulated.

## **4. RESULTS AND DISCUSSION**

Based on the results of this study, it was found that the adjusted R<sup>2</sup> was 0.623, this means that 62.3% of the variation in Purchase Decisions can be explained by variations of the 4 independent variables, namely Brand Loyalty, Brand Awareness, Brand Association, Perceived Quality. While the remaining 37.7% (100% - 62.3%) is explained by other reasons outside the model.

## **5. CONCLUSION**

Based on the results of the preparation and discussion that has been stated previously, the following conclusions can be drawn:

1. Brand Equity (X1) has a significant influence on the Decision to Purchase Goods (Y).
2. Consumer Psychology (X2) has a significant influence on the Decision to Purchase Goods (Y).
3. Brand Equity (X1) and Consumer Psychology (X2) have a significant influence on the Decision to Purchase Goods (Y).



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