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Governing the Unmeasurable: How Private Equity Reconstitutes Consumer Brand Equity

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With gratitude for every hand that lifted this work.

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Abstract

This thesis examines how private equity ownership shapes consumer brand equity during the holding period, drawing on fourteen semi-structured interviews with investment professionals across five Nordic PE firms and four consumer brand professionals.

The central finding is that PE ownership neither preserves nor destroys brand equity, it instead *reconstitutes* it. Short-term performance metrics crowd out long-term brand building, management changes disrupt the identity continuity that consumer trust depends on and finally, brand investment is systematically reduced as exit approaches. Whether this strengthens or erodes the brand depends on how long PE holds the company, how sophisticated the eventual buyer is and the concentration of brand identity.

The study also finds that brand equity cannot be valued as a standalone input in private markets. PE firms instead price it as a driver of exit multiple, producing a *dual-audience problem* between managing brand equity for consumers and packaging it for acquirers.

Outcomes vary conditionally. Brand equity is more likely to strengthen under growth equity ownership with longer horizons and sophisticated buyers, and more likely to erode under buyout logic with short holds and exit-driven cost pressure.

Keywords: Private equity, brand equity, consumer brands, active ownership, temporal compression

1 INTRODUCTION

Private equity is built for exit. Consumer brands are built to last. The former relies on control, performance pressure and a fixed exit horizon. The latter depends on identity, perception, and heritage which are assets that compound slowly and collapse quickly. What happens when these two worlds collide?

Private equity has been a persistent force across the consumer markets. From Moncler to Birkenstock and from Dr. Martens to Pandora, some of the world's most iconic brands have been backed by PE and many emerged stronger. These transactions share a common structural logic. PE acquires a brand whose intangible equity justifies a premium entry multiple, deploys governance and operational discipline during the holding period, and exits at a return determined partly by what has happened to that brand equity in the interim.

Consumer brand equity is not like other assets. It does not sit on a balance sheet. It lives in customer perceptions, emotional connections and narrative continuity, which makes it structurally volatile. It is built slowly through consistent investment and authentic behaviour, yet it can be eroded quickly through inconsistency, neglect, or a single misstep (Beverland and Farrelly, 2010; Hatch and Schultz, 2003).

Private equity ownership, by contrast, operates on a fixed timeline. From the moment of acquisition, a clock begins ticking toward an eventual exit. The fund lifecycle creates a natural endpoint, and as that endpoint approaches, the pressure to extract value intensifies (Kaplan and Strömberg, 2009; Andersson et al., 2025).

These two logics are not naturally aligned. One demands patience and depends on what can barely be measured. The other rewards speed and measurability. This misalignment creates a foundational tension: the mechanisms that boost short-term financial performance can also disrupt the long-term equity on which brand equity depends (Hatch and Schultz, 2003).

1.1 Why Brand Equity Matters Under PE Ownership

Getting this wrong is expensive on both sides. For PE firms, a premium entry multiple paid while acquiring consumer brands is often justified by intangible brand value. If that equity erodes during the holding period through underinvestment, identity disruption, or short-term promotional substitution, the exit value may be materially reduced. For consumer brands, the stakes are different but equally important: a brand that survives PE ownership with thinner associations, a promotion-conditioned customer base and degraded pricing power may never recover.

Yet for all the attention paid to financial engineering and operational improvement, one question remains conspicuously understudied: what actually happens to the brand itself? The academic literature offers limited guidance on how consumer brand equity behaves under exit-driven ownership. This thesis addresses that gap.

This thesis investigates how private equity governance influences consumer brand equity during the holding period. Rather than studying brand-building from scratch, it focuses on what happens to existing brand equity when a PE firm acquires a consumer brand and applies its value creation levers. The central question is whether PE ownership strengthens, preserves, or erodes brand equity and under what conditions each outcome occurs.

The study draws on fourteen semi-structured interviews with professionals at five Nordic PE firms (Altor, Axcel, eEquity, EQT, Verdane) and four consumer brand professionals (Helly Hansen, Pandora, The Humble Co, and one professional with extensive experience across multiple ownership structured brands). The Nordic mid-market provides a concentrated and accessible research context, but the structural tensions documented are not Nordic phenomena. They are features of the PE ownership model itself, observed through a Nordic window.

1.2 Research Questions

This study advances four interconnected research questions:

RQ1: How do PE firms assess the risk-return profile of consumer brand investments and what conditions make such investments attractive despite perceived volatility?

RQ2: How does PE's active ownership model interact with the intangible, perception-based nature of consumer brand equity?

RQ3: What structural tensions arise between PE's short-to-medium-term financial logic and the long-term investment requirements of consumer brand equity?

RQ4: Under what conditions does PE ownership strengthen versus erode consumer brand equity and what factors mediate this outcome?

1.3 Purpose of the Thesis

The purpose of this thesis is threefold. First, to identify the transmission channels through which private equity governance acts on consumer brand equity, specifically temporal compression, measurement bias, and identity disruption. Second, to examine how these channels operate in practice and to explain under what conditions PE ownership strengthens rather than erodes brand equity. Third, to propose a conditional framework that specifies the moderating factors including the holding period length, buyer sophistication and brand identity concentration that shape brand equity outcomes. By integrating PE governance logic with brand equity theory, this thesis contributes a nuanced account of how a structurally fragile intangible asset is governed under exit-driven ownership.

2 THEORY

2.1 The Private Equity Ownership Model

Private equity is not just a source of capital but a governance model with its own logic of control, incentives, and time. Because PE firms intervene actively in portfolio companies and are expected to realise value within a fixed holding horizon, their ownership structure can create both opportunities for operational improvement and pressures that may conflict with long-term intangible assets such as brand equity. The following section outlines this ownership logic and shows why its time-sensitive, performance-driven design matters for consumer brands.

2.1.1 A Distinctive Ownership Logic

Private equity (PE) represents a major force in the global economy. It is a categorically distinct ownership form built around three commitments: concentrated control, performance alignment and a fixed exit horizon. Unlike dispersed public shareholders who trade influence power for liquidity, or founding families whose stewardship may span generations, a PE firm takes an active ownership position with the explicit mandate to transform and exit a business within the fund's fixed lifespan. Every structural element of the model, including the limited partnership, carried interest for general partners, management equity vesting at exit, and the performance discipline imposed by leverage, points toward a single objective: maximise value realised at exit to generate alpha (Kaplan and Strömberg, 2009).

The fund operates as limited partnerships with a typical seven to ten year lifespan before exiting via a secondary buyout, corporate sale, or initial public offering (IPO) (Andersson et al., 2025; Hale, 2015). As the fund matures, the exit horizon shortens. Why does a fixed exit timeline incentivise short-term thinking over long-term value creation?

2.1.2 The IRR Time Sensitivity Problem

The answer lies in the private equity compensation. General partner (GP) performance is judged on the internal rate of return (IRR), a metric that is exponentially sensitive to time. The IRR is the discount rate that sets the net present value (NPV) of all cash flows from an investment to zero.

Internal Rate of Return (IRR)

$$\sum_{t=0}^{T} \frac{CF_t}{(1+IRR)^t} = 0$$

where $CF_t \in \mathbb{R}$ represents the net cash flow at discrete time period t, where $CF_t < 0$ denotes capital drawdowns (investments) and $CF_t > 0$ denotes distributions (divestments). The parameter $T \in \mathbb{N}$ defines the terminal exit horizon. The IRR is the unique real roots solution for the discount rate r that satisfies this polynomial equation.

Source: Phalippou (2024)

This formulation introduces an acute mathematical constraint: because the holding period duration (t) serves as a compounding exponent in the denominator, the equation heavily discounts delayed cash flows. This property penalises extended holding periods, regardless of fundamental asset growth.

To illustrate this distortion, consider a stylised investment of \$100 million at $t = 0$. If the GP exits the asset at $t = 3$ for \$150 million, the transaction yields an IRR of approximately 14.5%. However, if the GP retains the asset to pursue deep operational engineering, eventually selling it at $t = 6$ for \$200 million, the absolute cash profit doubles, yet the calculated IRR decays to approximately 12.2%. The reliance on IRR as a primary benchmarking and fundraising metric thus privileges early liquidity realisation over long-term value creation. Brand investments are therefore judged not only by whether they create value, but by whether they create it quickly enough to matter for the fund (Phalippou, 2024).

2.1.3 Agency Asymmetry and Exit Pressure

This temporal sensitivity creates a structural divergence of interests between General Partners (GPs) and Limited Partners (LPs). While LPs provide capital as passive investors, GPs manage the fund's deployment and subsequent exits (Baker et al., 2015). GPs typically earn a management fee of approximately 2% of committed capital plus carried interest of roughly 20% of profits. Since performance evaluations and subsequent fundraising are heavily dependent on IRR metrics, GPs are highly incentivised to manipulate the timing of capital calls and liquidations to maximise short-term performance figures, rather than maximising the absolute long-term wealth compounding for their LPs

(Brown et al., 2019).

As the fund approaches its maturity date, GPs face increasing pressure to exit investments quickly. Research shows that fund managers under pressure to divest tend to utilise secondary buyouts as a quick exit strategy. Investments held in the late stage of the fund life are more likely to be exited via secondary buyouts, as GPs prioritise completing exits over maximising returns (Johannesson and King, 2018).

2.1.4 Information Asymmetry and Managerial Myopia

This agency conflict is compounded by information asymmetry. Stock markets cannot directly observe managers' internal investment decisions. Investors infer future earnings from current dividend payouts, creating an incentive for managers to boost current earnings by cutting investment (Stein, 1989). Stein (1989) formalised this as managerial myopia, meaning a tendency to prioritise short-term earnings at the expense of longer-term investment, showing that even when markets are efficient, managers rationally choose myopic behaviour because they take market conjectures as fixed. Under asymmetric information, managers' investment decisions become equivalent to those under hyperbolic discounting preferences, where short-term payoffs are systematically overweighted relative to long-term ones (Johannesson and King, 2018).

Jackson and Petraki (2011) distinguish between individual short-termism rooted in cognitive biases and structural short-termism driven by corporate governance, arguing that the latter emerges from ownership structures and market incentive systems (Jackson and Petraki, 2011; Kang and Ye, 2019).

2.1.5 Implications for Brand Equity

Mizik (2010) applies this logic to marketing, demonstrating that cutting brand-building expenditure to inflate current earnings, a practice she terms myopic management, produces long-term net negative effects on firm value, detectable in market metrics before accounting measures expose the structural damage (Mizik, 2010).

For PE-owned consumer brands, the fund lifecycle, carried interest, and value creation plan create precisely the kind of structural short-termism these scholars describe. As the exit horizon shortens, investments with multi-year payback periods, such as brand marketing, become financially irrational from the PE owner's perspective.

Barton and Wiseman (2014) offer an important counterpoint by arguing that short-termism is not an inherent trait of capital investment, but rather a function of specific structural choices. Applying this logic to private equity, alternative arrangements such as longer holding periods and evergreen funds can effectively realign incentives to support long-term value creation.

2.1.6 Value Creation: From Financial Engineering to Active Ownership

The mechanisms through which PE creates value have evolved from financial engineering toward operational improvement (McKinsey & Company, 2022). Kaplan and Strömberg (2009) identify three primary levers:

Table 1: Private Equity Value Creation Levers and Relevance to Brand Equity

Lever	**Description**	**Brand Equity Relevance**
Financial Engineering	Leverage causes return amplification, interest payments provide tax benefits, debt encourages financial discipline	High leverage may limit cash flow for brand investment and may limit marketing spend
Operational Improvement	Professionalising management, improving efficiency, optimising supply chains, reducing costs	Operational focus may overlook intangible brand assets, metrics may not capture brand health
Multiple Expansion	Selling at higher EBITDA multiple than entry multiple, through stronger earnings or strategic repositioning	Brand strength can justify higher exit multiples; but brand erosion may compress multiples

Source: Adapted from (Kaplan and Strömberg, 2009).

In the industry's early decades, financial engineering alone was sufficient. Rising acquisition multiples and intensifying competition have made this less reliable, accelerating a shift toward genuine operational and strategic value creation (McKinsey & Company, 2022). Bain & Company's longitudinal analysis of PE key success factors documents this evolution precisely: where deal sourcing and financial structuring constituted the dominant competitive advantages of the 1980s and 1990s, the post-global financial crisis period introduced the Value Creation Plan as a non-negotiable governance instrument, with today's leading firms additionally requiring digital and AI capabilities, talent management systems, and explicit exit management as core competencies (Bain & Company, 2026) (see Figure 1). This trajectory is consistent with PE firms investing in in-house operating teams, sector specialist advisors and systematic value creation methodologies (OPX Partners, 2019). PE firms have traditionally been associated with financial engineering, but the most successful firms increasingly create surplus value by building better businesses faster (Capozzi et al., 2025).

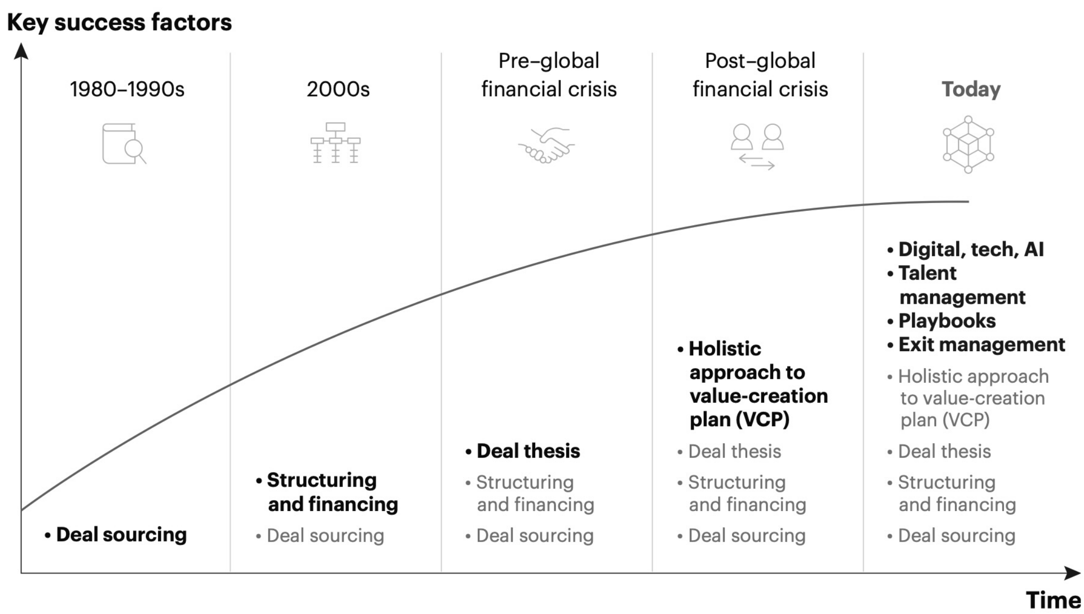

Figure 1: Evolution of private equity key success factors over time. *Source:* Bain & Company Global Private Equity Report 2026. Reproduced for academic purposes.

PE's increasing emphasis on operational value creation is, in principle, an opening for more sophisticated brand stewardship. In practice, however, the same governance sophistication that enables operational improvement may systematically disadvantage intangible assets whose returns are diffuse, delayed, and resistant to the quantifiable metrics that VCP frameworks are designed to capture. This structural tension between PE's accountability infrastructure and the properties of consumer brand equity is examined in Section 2.5.

2.1.7 Active Ownership: Board, Management and VCP

OPX Partners (2019) define active ownership as "structured and ongoing engagement of the owner in matters of strategy, organisation and governance, throughout the holding period of an investment". The board of directors is the primary instrument. Acharya et al. (2013) states that PE firms actively use board seats to monitor and advise portfolio companies, with formal reporting routines, tighter performance targets, and centralised decision-making reshaping management culture. PE firms tend to change CEOs and senior executives in the first two years of ownership, an intervention that can bring professional discipline but also risks disrupting the brand identity continuity that is central to consumer trust (Beverland and Farrelly, 2010). When leadership changes in founder-led brands, continuity of the brand's identity can become fragile, which may weaken consumer trust and brand equity (Beverland and Farrelly, 2010; Ton et al., 2025).

Beyond board oversight, active ownership also becomes operationalised through the Value Creation Plan (VCP), which is typically established within the first 30 to 100 days of ownership and translates the investment thesis into specific, accountable initiatives with clear ROI (OPX Partners, 2019). This creates an immediate structural tension: brand-building initiatives with diffuse, longer payback periods are deprioritised within frameworks that demand quantifiable near-term accountability (Keller, 2013). This is important because PE's strongest governance tools may systematically disadvantage the very assets that require patience rather than precision.

2.2 Brand Equity as an Intangible Asset

Brand equity matters to private equity not only as a marketing concept, but as a source of future financial value. To understand why PE firms take consumer brands seriously, it is necessary to first see how brand-related perceptions can be translated into cash flow, pricing power, and exit value.

2.2.1 Market-Based Assets

Srivastava et al. (1998) provides the foundational bridge between marketing and finance. They argue that market-based assets like customer relationships, brand perceptions and channel positions generate future cash flows that directly drive enterprise value by accelerating cash inflows, enhancing their level and reducing their risk. Brand equity is the paradigmatic market based asset. It generates pricing power, reduces customer acquisition costs (CAC), and produces more predictable revenue streams (Madden et al., 2006;

Keller, 2013).

This financial translation of brand equity is what makes it legible to PE investors. Madden et al. (2006) demonstrate empirically that strong brand firms generate significantly higher shareholder returns than their peers. For PE, this establishes that brand equity is not a soft strategic consideration but a quantifiable contributor to the investment's value and therefore what governance decisions must be evaluated against.

2.2.2 Customer-Based Brand Equity

Keller (2013) defines customer-based brand equity (CBBE) as the differential effect of brand knowledge on consumer response to marketing: consumers react more favourably when they know the brand and hold positive associations with it. Brand knowledge has two core components: brand awareness, meaning how easily a brand comes to mind, and brand image, meaning the set of functional and emotional associations consumers attach to it. Together, these components explain why some brands create stronger consumer responses than others.

This matters for consumer brands because brand name can account for a substantial share of total company value, yet accounting systems typically understate or ignore that value entirely (Damodaran, 2007). No formal method produces a reliable, stand-alone monetary estimate of brand equity. For private, mid-market assets, the attribution problem becomes structurally intractable (Damodaran, 2007). In this context, attribution refers to the difficulty of isolating how much of a company's total value is created by the brand itself, as opposed to other factors. This structural invisibility foreshadows the governance problem at the centre of this thesis: PE firms must manage an asset that is simultaneously central to value creation and resistant to precise measurement.

Aaker (1996) operationalises brand equity across five dimensions: brand loyalty, brand awareness, perceived quality, brand associations and proprietary brand assets. Among these, brand loyalty is the most directly relevant to PE's financial concerns because it generates repeat purchase behaviour and pricing power, which translate into stronger margins. Metrics such as NPS, customer churn and repeat purchase frequency are therefore used as practical proxies, although they capture only part of the broader construct.

A useful distinction within CBBE is between brand awareness and brand likeability, since the two can diverge sharply and have different strategic implications. Brand awareness, or mental availability, is a necessary starting point for purchase consideration, but it does not by itself create preference. A brand may be widely recognised yet still lack the emotional depth and associations that sustain loyalty and pricing power. Conversely, a brand with lower awareness but strong affinity among those who know it may face more of a distribution problem than a brand equity problem (Romaniuk and Sharp, 2016). Keller (2013) captures this through the resonance pyramid, where salience is only the base, while deeper levels such as judgements, feelings and resonance require sustained investment over time.

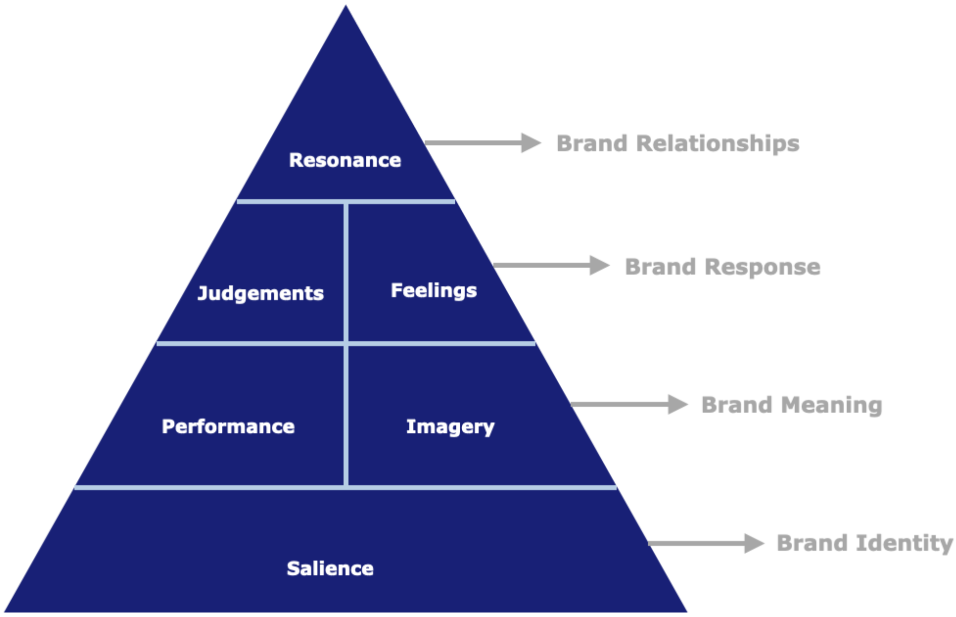

Figure 2: Keller's Brand Resonance pyramid, which builds step by step from brand identity, where consumers first recognise who the brand is, to brand meaning, where they form impressions of what the brand stands for, to brand response, where they evaluate and react to it, and finally to brand relationship, where a deeper bond is formed (Keller, 2013).

Brand equity is therefore not only a consumer-side perception; it is also shaped by organisational choices that affect whether the brand's internal identity and external image remain aligned (Hatch and Schultz, 2003).

2.2.3 A Temporal Asymmetry and Myopic Management

The single most important property of brand equity for this study is what this thesis terms as temporal asymmetry: it accumulates slowly through consistent investment and can be rapidly eroded through inconsistency, dilution, or incongruent associations (Keller, 2013).

Building brand resonance, Keller's highest level of CBBE, means creating deep psychological bonds between consumers and the brand, and that takes sustained investment over a long period of time. Eroding it may require only one poorly managed transition, one value incongruent partnership, or one sustained period of under-investment.

This temporal asymmetry is amplified in private equity ownership, where the typical seven-to-ten year holding period is often too short to encompass the full cycle of brand equity accumulation (Mizik, 2010). Consequently, PE firms may exit before the long-term financial consequences of their management decisions on brand assets are fully realised (Kaplan and Strömberg, 2009). It also creates a specific vulnerability to myopic management. In PE-owned consumer brands, this is not just an individual bias but a structural outcome of the ownership model: the fund lifecycle rewards short-term earnings improvements, while the long-term effects on brand equity are pushed onto future owners. As a result, acquirers relying on accounting-based valuation metrics may fail to detect brand deterioration at exit (Mizik, 2010).

2.3 Brand Identity

Brand equity resides in consumer minds, but it is shaped by organisational behaviour. The link between the two is the organisation's brand identity: what the firm stands for, how consistently it acts, and whether its behaviour is perceived as authentic. Ownership transitions place this mechanism under direct pressure.

Brand identity is defined as the features of a brand that consumers perceive as central, distinctive, and enduring. It is embedded in the brand's history, associations, and relationships; it is not just a communication strategy but a constitutive feature of the brand (Whetten, 2006). It emerges through ongoing alignment between the brand's internal identity and its external image, and when that alignment breaks down, consumers experience a credibility gap. PE-owned consumer brands are particularly exposed because management changes, performance pressures, and strategic pivots can generate precisely this kind of misalignment (Hatch and Schultz, 2003).

2.3.1 Brand Authenticity and Continuity as Equity-Building Mechanisms

Consumers actively scrutinise brands for congruence between stated values and observed behaviour, making authenticity a dynamic perception rather than a fixed trait (Beverland and Farrelly, 2010). Ton et al. (2025) formalise this as continuity authenticity: the consumer perception that a brand has maintained its essential character through transitions. In this view, brand equity is reinforced when consumers encounter coherent cues over time, and weakened when governance changes alter how the brand behaves, presents itself, or signals priorities. Under PE ownership, this matters because leadership replacement, quality shifts, or strategic pivots can break continuity and weaken the trust, loyalty, and pricing power built up around the brand (Beverland and Farrelly, 2010; Ton et al., 2025).

2.3.2 Founder Dependency

A particularly acute form of this vulnerability appears when the brand is closely tied to a founder. Psychological ownership refers to the subjective feeling that something is "mine" and can explain the emotional and cognitive attachment founders develop toward their organisations. It generates identity fusion, where the organisation becomes an extension of the founder's self-concept, values, aesthetics, and behaviours, and in turn becomes constitutive of the organisation's identity (Pierce et al., 2001). For consumer-facing brands, this kind of founder-brand fusion can be a powerful asset, since the founder embodies the brand's authenticity narrative and provides a human face that consumers can trust and identify with.

Conversely, consumer behavior literature shows that when a brand is heavily personified by a central human figure, consumers may form deep emotional attachments to that individual rather than to the abstract enterprise (Thomson, 2006). When that figure is the founder, a severe structural vulnerability emerges: the very equity that attracts PE investment becomes tied to a single person. This creates an acute concentration risk, because removing or diminishing the founding figure during an equity transition can destabilise the underlying asset value.

2.3.3 Purpose-Driven Brands and Value-Based Identity

Purpose-driven brands are organised around values, ethics, or sustainability rather than primarily around product performance or aesthetic appeal. This makes them relevant to a study of brand equity because their differentiation depends heavily on public meaning and narrative consistency. When a brand's public meaning is built around explicit values, ownership change or strategic repositioning can be especially disruptive if it alters how the brand is understood (Holt, 2004). In that sense, purpose-driven brands may be more exposed to identity disruption when governance changes affect the continuity of the values they signal. This study does not assume that consumer perceptions of private equity ownership are inherently negative, but it does recognise that brands built around explicit values may be more sensitive to changes in narrative consistency and strategic direction (Holt, 2004).

2.4 The Measurement Problem

If brand equity can account for more than half of the value of many consumer firms (Damodaran, 2007), it raises an important question for this study: why do PE firms struggle to quantify it directly, despite its apparent importance to overall firm value?

2.4.1 The Valuation Gap: Why Brand Cannot be Independently Quantified

This tension is compounded by a more fundamental measurement problem. Brand marketing refers to long-term activities aimed at building brand awareness, associations, and trust over time, while performance marketing focuses on short-term, directly measurable outcomes such as clicks, conversions, or sales. Because brand-building effects are diffuse, delayed, and difficult to isolate, no formal method exists that produces a reliable, standalone monetary estimate of brand equity (Damodaran, 2007). Damodaran (2007) demonstrates that three approaches are available, each of which generates substantially different values and none of which translates cleanly into the financial operationalisation that PE decision-making requires.

The first is the *historical cost approach*, which capitalises past advertising expenditure over an amortisable life and treats the unamortised balance as brand value. While internally consistent with how tangible assets are recorded, it captures capital invested in the brand rather than the market value it has generated. Firms can spend heavily on advertising and produce no durable consumer equity, while others build significant brand value with minimal investment. Historical cost is therefore a poor proxy for the asset being acquired (Damodaran, 2007).

The second approach known as the *excess return model*, attributes the difference between a firm's Discounted Cash Flow (DCF) value and its invested capital to brand name.

In formal terms:

> *Excess Return Model*
>
> $$\text{Value of brand name} = \underbrace{\text{Estimated DCF value of firm}}_{\text{intrinsic value}} - \underbrace{\text{Capital invested in firm}}_{\text{book value of assets}}$$
>
> *where excess returns* > 0 *iff the firm earns above its cost of capital*
>
> *Source: Damodaran (2007)*

This approach rests on the assumption that all excess returns (returns above the cost of capital) are attributable solely to brand equity, and that no other intangible assets or competitive advantages exist. The model holds that a firm trading above the book value of its invested capital does so because its brand or another competitive advantage, generates returns in excess of the cost of capital. The limitation, as Damodaran (2007) acknowledges, is that excess returns rarely arise from brand alone: operational efficiency, proprietary distribution, and management quality may each contribute independently. It is most reliable, he concludes, precisely when "brand name is the only competitive advantage possessed by a firm", a condition that is rarely met in practice and almost never in the consumer companies PE acquires, where brand coexists with multiple other sources of value.

The third approach uses *relative valuation multiples*, comparing enterprise value multiples between a brand-name company and a generic peer.[1] The brand premium is backed out as follows:

> *Relative Valuation Model - EV/Sales Approach*
>
> $$\text{Brand name value} = \left[\left(\frac{EV}{Sales}\right)_{\text{brand}} - \left(\frac{EV}{Sales}\right)_{\text{generic}} \right] \times Sales_{\text{brand}}$$
>
> *where the multiple differential is attributed solely to brand equity*
>
> *Source: Damodaran (2007)*

Applying these approaches to Coca Cola versus its generic comparator Cott Corpo-

[1] Enterprise Value (EV) is defined as market capitalisation plus net debt, representing the total value of a firm to all capital providers. The EV/Sales ratio expresses this total value as a multiple of annual revenues, providing a valuation measure that is independent of capital structure and therefore comparable across firms with different levels of leverage.

ration, the empirical range is: brand value estimates vary from $51 billion under the return on capital approach to $64 billion under the operating margin approach to $82 billion under the EV/Sales method. For arguably the most analytically tractable consumer brand in existence with a single product category, dominant market position and a readily identifiable generic comparator, this variation is revealing (Damodaran, 2007).

A further structural constraint limits the applicability of the relative valuation approach in the PE context. It requires both the brand-name firm and its generic comparator to be publicly traded, since the method relies on observable market valuations for both sides of the comparison. PE acquisition targets are, by definition, private companies and meaningful generic comparators in niche consumer categories are equally unlikely to carry public market valuations. The formal methods available to value brand equity are therefore most tractable for large-cap listed firms. For private, mid-market assets, the attribution problem becomes structurally intractable rather than merely difficult(Damodaran, 2007).

Exit horizon pressure is reinforced by a broader measurement problem in how marketing value is assessed. Within ownership structures marked by information asymmetry, organisations tend to reward outputs that are visible, attributable, and easy to report (Jensen and Meckling, 1976). This becomes especially relevant when comparing performance marketing and brand marketing. Performance marketing is observable: digital campaigns generate attributable metrics within days. Brand marketing, by contrast, generates returns that are diffuse, delayed, and not attributable to any single expenditure (Hanssens and Pauwels, 2016). Under PE's VCP framework, which demands quantifiable accountability, this asymmetry can institutionalise a preference for performance marketing.

Binet and Field (2013), analysing 996 advertising effectiveness cases in the IPA Databank, distinguish between upper-funnel brand activity and lower-funnel sales activation as fundamentally different mechanisms. Brand-building broadens the pool of buyers predisposed to purchase through emotional priming; sales activation converts already-predisposed buyers. The two are sequentially dependent: sales activation can convert interest into purchase, but it cannot create demand from nothing; that depends on the mental availability created by earlier brand-building. This dependency is largely invisible in standard PE reporting, which captures revenue outcomes but not the earlier brand investment that made those outcomes possible.

Binet and Field (2013) gives an empirical benchmark wherein the optimal long-run allocation is approximately 60% brand-building to 40% sales activation. Deviation below this threshold may produce progressive erosion of pricing power and rising customer acquisition costs over a three-to-five-year horizon. Prophet & WARC (2025) document this penalty in contemporary contexts and Hanssens and Pauwels (2016) demonstrates why: marketing's long-run effects are systematically underestimated when only short-run attribution windows are used, which is a direct critique of the performance marketing paradigm that PE governance tends to institutionalise.

The measurement problem is compounded by a broader opacity that characterises private equity's valuation practices more generally. As the staff memo from Sveriges Riksbank notes, private equity fund holdings are not constantly marked-to-market, valuation updates are slow and there is little public information on who is investing in which companies and in what amounts (Andersson et al., 2025). For consumer brand equity, which is inherently more subjective than physical assets, this measurement gap forces governance frameworks to default to short-cycle proxies (NPS, retention rates, customer acquisition costs) that systematically favour performance marketing over long-term brand building (Mizik and Jacobson, 2007).

2.5 When PE Strengthens Brand Equity

The preceding sections establish the ingredients for the synthesis that follows. PE ownership is defined by a fixed holding horizon, strong exit incentives, and governance systems that privilege measurable returns; consumer brand equity, by contrast, accumulates slowly, depends on continuity, and is difficult to observe directly. These features create a recurring tension in which time pressure, measurement logic, and identity change can each shape how brand value is treated during the holding period. The synthesis below draws on that literature to specify three channels through which PE governance can affect brand equity, as well as the conditions that make those effects more or less severe.

The first mechanism concerns temporal pressure. PE ownership is bounded by a fixed holding horizon, so the question becomes whether the brand already has enough equity in place for growth to occur within that time frame. When the brand enters ownership with an established equity base, the main issue is not creation from scratch but whether that equity can be extended through scaling without being diluted. This is why holding period length matters: longer horizons give growth more room to unfold, while shorter horizons increase the likelihood that brand investment is crowded out by near-term value realisation. In cases where expansion across geographies or customer segments remains congruent with the brand's core associations, scaling can strengthen rather than weaken brand equity (Kaplan and Strömberg, 2009; Aaker and Keller, 1990).

The second mechanism concerns measurement. Governance systems that privilege measurable returns tend to reward what can be captured quickly and attributed cleanly, which makes brand-building harder to sustain when its effects are slow and diffuse. This is why buyer sophistication matters. When the eventual buyer can recognise brand health beyond accounting proxies, the incentive to maintain brand investment remains stronger, and brand deterioration is harder to hide behind short-term earnings gains. In this setting, brand health monitoring becomes important because it reduces the risk that measurement will systematically favour short-term outputs over long-term brand value (Beverland and Farrelly, 2010; Damodaran, 2007).

The third mechanism concerns identity. When a brand's perceived authenticity is tied to a concentrated identity base, governance transitions become more sensitive because leadership changes, repositioning, or operational shifts can more easily disrupt continuity. This is why brand identity concentration matters: the more tightly the brand is tied to a narrow set of core associations, the more vulnerable it is to change. Where identity continuity is preserved, the brand can evolve without losing the meaning that supports trust and loyalty; where it is not, even strategically sensible changes can erode equity (van Rensburg, 2012; Hatch and Schultz, 2003).

Taken together, these mechanisms suggest that PE ownership is more likely to support brand equity when the holding period allows growth to work, when brand value can be recognised beyond short-term accounting outputs, and when the brand's identity is not overly concentrated in a way that makes transitions disruptive. The implication is that PE's effect on brand equity is contingent, not uniform: governance can either support or suppress brand value depending on how these conditions are configured.

2.6 Theoretical Synthesis: A Framework for PE–Brand Tensions

The preceding sections have established three building blocks: the PE governance model (Section 2.1), consumer brand equity as a distinct intangible asset (Section 2.2), and the mechanisms that connect them (Sections 2.3–2.6). This section integrates them into the analytical framework that structures the empirical investigation.

2.6.1 The Three Transmission Channels

PE governance affects brand equity through three channels that operate simultaneously and may reinforce each other.

1. **Temporal compression.** The fund lifecycle creates a structural preference for short-payback investments. As exit approaches, brand investment is systematically reduced relative to near-term earnings optimisation. The channel is activated by the incentive architecture of carried interest and exit-period financial reporting, and its severity is moderated by holding period length and the brand-pricing capability of the anticipated exit audience (Jackson and Petraki, 2011; Kaplan and Strömberg, 2009).

2. **Measurement bias.** The Value Creation Plan (VCP) framework rewards quantifiable initiatives. Performance marketing, whose returns are directly attributable within a reporting cycle, is systematically favoured over brand marketing, whose returns accumulate in long-term equity. The result is a predictable underfunding of brand investment relative to the empirically optimal allocation (Jensen and Meckling, 1976; Binet and Field, 2013). The channel is moderated by the degree to which PE governance incorporates brand health monitoring as a leading indicator rather than relying solely on financial proxies.

3. **Identity disruption.** Management changes and strategic pivots are interpreted by consumers through an authenticity lens. Governance decisions that create visible incongruence between a brand's historical identity and its current behaviour erode brand equity through loss of continuity authenticity (Beverland and Farrelly, 2010). This channel is amplified in founder-led brands, where the brand's perceived authenticity is more directly tied to a single individual (**?**), and moderated when governance explicitly preserves identity continuity through ownership transitions.

2.6.2 Moderating Conditions

The three channels do not operate with equal intensity across all PE ownership configurations. Three moderating conditions shape their severity:

1. **Holding period length:** Longer holding periods reduce temporal compression and expand the set of brand investments that can generate a return within the fund's life (Jackson and Petraki, 2011; Barton and Wiseman, 2014).

2. **Buyer sophistication:** Exit audiences that can independently assess and price brand equity preserve the incentive to maintain brand investment through to exit. Where buyers rely primarily on accounting metrics, that incentive collapses (Damodaran, 2007).

3. **Brand Identity Concentration:** Higher brand identity concentration amplifies the identity disruption channel during governance transitions, as the brand's perceived authenticity is more tightly tied to a narrow set of core associations and therefore more vulnerable to change (?Keller, 2013; Hatch and Schultz, 2003).

2.6.3 The Dual-Audience Consequence

A structural consequence that emerges from the simultaneous operation of all three channels is what this study terms the dual-audience problem. PE-owned brands must simultaneously manage equity for two audiences whose evaluation frameworks pull in opposite directions: the end consumer, whose loyalty and willingness to pay a price premium constitutes the operational foundation of brand value; and the future acquirer (trade buyer, secondary PE sponsor, or IPO investor), whose assessment of brand value at exit determines the investment return. This tension is not an additional transmission channel but a downstream consequence of how temporal compression, measurement bias, and identity disruption interact as exit approaches. The closer the exit horizon, the more sharply these two objectives diverge: the promotional intensity and EBITDA optimisation that satisfies acquirer due diligence may erode the consumer brand equity that justified the acquisition premium in the first place (Damodaran, 2007; Mizik and Jacobson, 2009).

2.6.4 The Analytical Framework

Figure 3 presents the complete framework. The empirical analysis tests this framework against the interview material, examining which transmission channels are most active, which moderating conditions are present and what brand equity outcomes result.

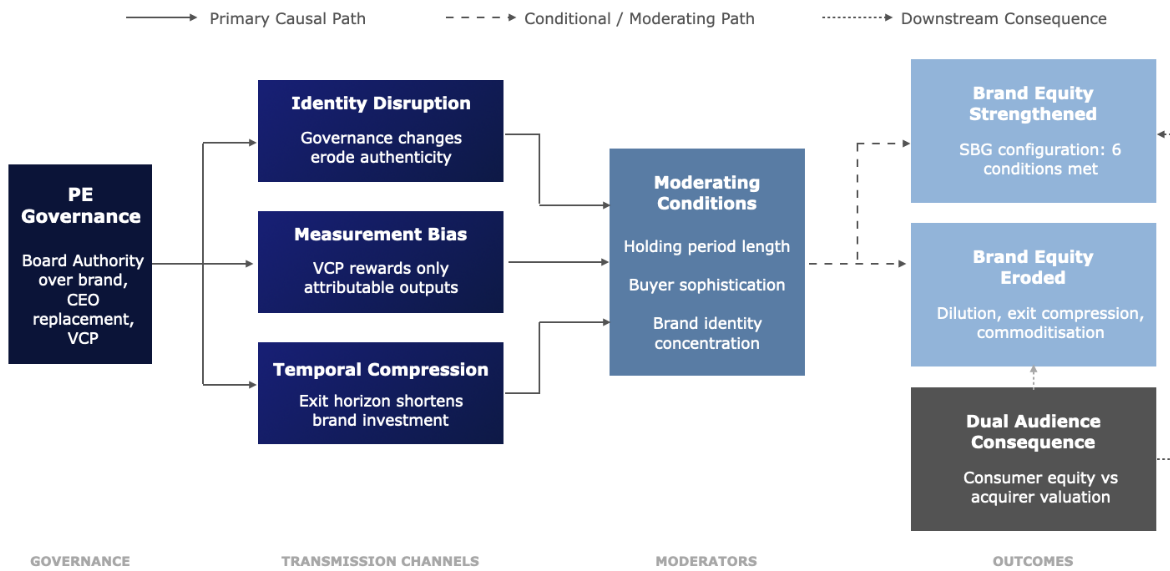

Figure 3: Three transmission channels through which PE governance acts on consumer brand equity, moderated by holding period length, buyer sophistication, and brand identity concentration. All three channels are primarily erosive; moderating conditions determine whether the outcome is brand equity strengthened or eroded. Both outcomes converge on the dual-audience consequence,the structural tension between managing brand equity for end consumers and packaging it for acquirer valuation.

The framework presented in Figure 3 does not predict a uniform outcome. PE ownership does not inherently erode brand equity, nor does it inherently strengthen it. The outcome depends on which transmission channels dominate and which moderating conditions are present. What the framework establishes is that the structural features of PE governance such as its temporal architecture, measurement incentives and identity pressures create systematic and predictable risks for consumer brand equity. Whether those risks materialise depends on the conditions under which PE governs the brand. The empirical analysis tests this logic against the interview material and examines when and how the channels are suppressed.

3 METHOD

This chapter explains how the study was designed and conducted in order to answer the research questions and fulfil the purpose of the thesis. It outlines the philosophical position of the study, the rationale for the qualitative interview-based design, the procedures for data collection and selection of respondents, the analytical strategy, and the considerations taken to ensure research quality and ethical integrity.

3.1 Research Philosophy and Epistemological Position

This study adopts an interpretivist epistemological position. The purpose of the thesis is to understand how actors involved in private equity and consumer brands interpret the relationship between PE governance and consumer brand equity in practice. The research questions focus on how PE firms assess consumer brand investments, how active ownership interacts with the intangible nature of brand equity, what tensions arise between financial governance and long-term brand building, and under what conditions PE ownership strengthens or erodes consumer brand equity (Bell et al., 2022).

An interpretivist position is appropriate because the central phenomenon under study is not directly observable in a single objective form. Consumer brand equity is partly financial, partly perceptual, and embedded in organisational identity, managerial judgement, and stakeholder interpretation. Likewise, private equity governance is not experienced uniformly. The same ownership structure may be interpreted by one respondent as a source of strategic discipline and growth, and by another as a source of short-termism, identity disruption, or commercial pressure. The aim of the study is therefore to examine how different actors construct and explain these dynamics rather than to treat them as fixed variables that can be detached from context (Bell et al., 2022).

Ontologically, the study is informed by a constructionist orientation (Bell et al., 2022; Kivunja and Kuyini, 2017). Brand equity is not treated as a stable asset with a fixed meaning, but as something shaped, maintained, and weakened through organisational decisions, governance structures, communication, and consumer perception. This position is especially relevant because PE ownership may reconstitute how that equity is defined, measured, and managed during the holding period. A constructionist ontology is thus consistent with both the purpose of the study and the theoretical framing of brand equity

(Kivunja and Kuyini, 2017).

The study follows an abductive research logic (Bell et al., 2022; Timmermans and Tavory, 2012). It does not proceed deductively by testing a closed theoretical model, nor inductively by treating theory as absent until after data collection. Instead, it moves iteratively between theory and empirical material. The literature review provided sensitising concepts such as temporal compression, measurement bias, identity disruption, buyer sophistication, and brand identity concentration, as well as the importance of holding period length as a contextual condition, which shaped the interview guide and informed the first stages of analysis. At the same time, the interviews were used to assess whether these concepts appeared in practice, whether they required modification, and whether additional explanatory patterns were necessary. In this sense, theory served as an interpretive lens rather than a rigid template, allowing the thesis to remain grounded in both prior literature and practitioners' own accounts (Timmermans and Tavory, 2012).

This philosophical position directly shaped the design and conduct of the study. It justified the use of semi-structured interviews, the inclusion of multiple respondent groups, the adaptation of questions to respondents' roles, and the use of thematic analysis focused on recurring meanings and tensions across the material (Bell et al., 2022; Braun and Clarke, 2006). It also defines what kind of claims the study seeks to make: not statistically generalisable causal claims, but analytically grounded explanations of how PE governance reconstitutes consumer brand equity under different conditions.

3.2 Research Strategy: Qualitative Interview-Based Approach

In line with the interpretivist and abductive orientation of the study, this thesis employs a qualitative research strategy centred on semi-structured interviews and thematic comparison across respondent groups (Bell et al., 2022; Timmermans and Tavory, 2012). A qualitative approach is appropriate because the research problem concerns processes, mechanisms, and interpretations that are difficult to capture through quantitative indicators alone (Bell et al., 2022). The study seeks to explain how private equity governance is understood to affect consumer brand equity and why those effects differ across contexts.

Brand equity cannot be reduced to a simple metric, and active ownership cannot be reduced to a formal ownership category; both must be examined through how actors describe board influence, management changes, performance pressure, and brand-related decision-making. A qualitative design makes it possible to study these issues through the accounts of those directly involved in relevant situations (Bell et al., 2022).

Semi-structured interviews were chosen as the principal method because they provide a balance between consistency and openness. On the one hand, the interview guide ensured that each interview addressed issues directly relevant to the research questions, including acquisition logic, governance, brand management, and exit. On the other hand, the format allowed respondents to elaborate on what they considered important and enabled the researchers to pursue unanticipated but analytically relevant themes. This flexibility is essential in a study where the object of inquiry is not merely what happened, but how respondents understand and justify what happened (Bell et al., 2022).

This study compares perspectives across two respondent groups: private equity professionals and consumer brand practitioners. This design reflects the dual perspective embedded in the research problem itself. Since the thesis investigates the tension between ownership logic and brand stewardship, it is methodologically important to capture how similar dynamics are described from both the private equity side and the consumer brands. This strengthens the study's ability to identify recurring patterns, disagreements, and conditional mechanisms across different positions (Bell et al., 2022; Braun and Clarke, 2006).

3.3 Primary Data Collection: Semi-Structured Interviews

The primary empirical material consists of fourteen semi-structured interviews conducted with practitioners from the Nordic private equity industry and from consumer brands that are or have been under PE ownership. Ten interviews were conducted with professionals from five Nordic PE firms, and four interviews were conducted with professionals from consumer brand companies. This two-sided empirical design was selected to reflect the core structure of the research problem: the thesis examines not only how PE firms govern consumer brands, but also how professionals at consumer brands view and work with the brand.

The semi-structured format was better suited to gathering rich and analysable material while remaining aligned with the purpose of the study. It was necessary because the respondents occupied different roles, possessed different forms of knowledge, and were not all involved in the same stages of the ownership cycle. A standardised interview design could have forced respondents to answer beyond their knowledge or led to shallow responses on issues requiring contextual detail.

The interview guide was informed by the theoretical framework and by the four research questions. For PE respondents, the interviews were organised around four broad thematic areas. First, the guide addressed the pre-acquisition phase, including how PE firms assess the risk-return profile of consumer brand investments, how they evaluate brand-dependent value creation, and what conditions make consumer brands investable despite perceived volatility. Second, the guide addressed governance after acquisition, including board involvement, strategic control, management changes, and the translation of the investment thesis into a value creation plan. Third, the guide addressed brand management during the holding period, including how brand strategy is prioritised, how trade-offs between short-term performance and long-term brand building are handled, and how brand equity is monitored or inferred through different proxies. Fourth, the guide addressed exit preparation, including how the anticipated buyer affects strategic decision-making and whether exit logic creates pressures that may support or undermine brand equity.

For consumer brand respondents, the interview guide was adapted to the respondent's role. In several cases, respondents were not involved in the original acquisition, and it would therefore have been methodologically weak to centre the interview around transaction-specific details they could not reliably speak to. In those cases, the interview instead focused on how brand identity, brand meaning, strategic priorities, and brand-related decision-making were central to the consumer brand in the short and long term. This adaptation improved the quality of the data because it ensured that questions were matched to respondents' actual experience rather than applied mechanically across all interviewees.

The Nordic region was chosen as the empirical setting for both substantive and practical reasons. It is the context in which the research was conducted, it offered access to relevant firms and practitioners, and it provided a coherent regional setting in which PE ownership and consumer brand governance could be examined in depth. The Nordic context serves as a focused empirical window through which the broader tensions of PE ownership and consumer brand equity can be studied.

Interviews were conducted in English, and lasted approximately thirty minutes. Although the interviews were relatively concise, the semi-structured format still allowed follow-up questions where responses opened up analytically important themes, ensuring that the material remained sufficiently rich for the thematic analysis undertaken later in the chapter (Braun and Clarke, 2006). Data collection ended once the researchers received enough qualitative depth in relation to the research questions.

3.4 Interview Selection

The sampling strategy was purposive. Interviewees were selected based on their ability to provide informed, experience-based insight into the phenomenon under study. Because the study is interpretive and explanatory rather than statistically representative, the aim of sampling was to secure respondents whose roles placed them close to relevant decisions and tensions.

The first respondent group consisted of professionals from five Nordic PE firms. These firms were selected to capture variation in investment style, organisational scale, and exposure to consumer-facing investments within a coherent regional setting. The respondents held roles ranging from investment and operating positions to partner-level and advisory positions, which allowed the thesis to capture different perspectives on investment evaluation, governance, and value creation.

The second respondent group consisted of professionals connected to consumer brands: Pandora, Helly Hansen, The Humble Co., and a respondent whose experience spans multiple Nordic beauty companies. These brands were selected because they represent different consumer categories and forms of brand value, including accessible luxury, technical and lifestyle apparel, sustainability-driven oral care, and Nordic beauty. The brand-side interviews were essential for capturing how brand equity is experienced, negotiated, and contested from inside the organisation.

The selected firms and brands are not treated as cases in the classic case-study sense. Rather, they function as empirically relevant sites through which informed respondents can speak to the broader phenomenon under investigation. Access also shaped the final sample, so it should be understood as both theoretically relevant and access-conditioned. The guiding criterion was whether the respondents could provide sufficiently rich and analysable material to address the research questions. Given the positions of the interviewees and the thematic consistency that emerged across the material, the sample was considered adequate for the purposes of the thesis.

A further methodological challenge concerned the asymmetry of perspective between the two groups. Private equity professionals were generally better positioned to speak to investment logic, governance structures, and exit strategy, while brand-side respondents were more directly able to discuss identity, strategic prioritisation, and brand management in practice. Rather than treating this asymmetry as a weakness, the study uses it as a way to capture both sides of the relationship between PE governance and consumer brand equity.

3.5 Data Analysis: Thematic Analysis and Cross-Group Comparison

The interview material was analysed using thematic analysis combined with iterative comparison across respondent groups (Braun and Clarke, 2006). This approach is appropriate for identifying recurring patterns, explanatory mechanisms, and differences in how respondents interpret the relationship between PE governance and consumer brand equity, moving from individual accounts to analytically meaningful themes that answer the research questions.

The first stage of analysis involved repeated close reading of the interview transcripts. During this stage, the researchers identified recurring themes, tensions, and interpretive patterns in how respondents described investment attractiveness, valuation challenges, governance interventions, brand-building priorities, and exit-related decisions. These first readings aimed to remain close to the language and logic of the respondents rather than forcing the material immediately into fixed theoretical categories. This was important in order to preserve the interpretive openness required by the abductive design.

The second stage involved coding the material and organising it into broader thematic groupings. Some initial codes were informed by the theoretical framework developed in the literature review, particularly the concepts of temporal compression, measurement bias, and identity disruption. However, coding was not limited to these predefined categories. As the analysis progressed, the researchers revised and refined the codes in response to what the interviews actually revealed. This ensured that the analysis remained grounded in the empirical material while still speaking to the theoretical ambitions of the study.

The third stage involved cross-group comparison. This was central to the analytical strategy because the thesis draws on two respondent groups with different roles, incentives, and vantage points. By comparing PE respondents and consumer brand respondents, the researchers were able to identify where accounts converged, where they diverged, and which interpretations appeared most robust across positions. This comparative movement was essential for answering the research questions, particularly those concerning how governance mechanisms operate in practice and under what conditions their effects appear constructive or erosive.

Secondary material was used to support the analysis through contextualisation and factual triangulation. Public information on ownership histories, company development, and market conditions helped situate the interview accounts within the relevant organisational and industry context. This material did not substitute for the interviews, which remained the core empirical source. Rather, it was used to strengthen interpretive confidence where respondents referred to developments that could be situated more clearly through additional context.

3.6 Research Quality: Credibility, Transferability, Dependability, and Reflexivity

In this thesis, research quality is addressed through credibility, transferability, dependability, and reflexivity. These criteria are more appropriate than narrow statistical notions of reliability and validity because the study does not aim to produce standardised measurements but to generate a well-grounded and transparent interpretation of a complex organisational phenomenon.

Credibility concerns whether the study presents a convincing and well-supported account of the phenomenon under investigation. Several features of the design strengthen credibility. First, the study includes two respondent groups whose perspectives illuminate the same broader issue from different organisational positions. This makes it possible to compare interpretations and avoid relying on a single-sided account of PE ownership. Second, the interview guide was clearly connected to the research questions and informed by the theoretical framework, which supports coherence between the purpose of the study and the data collected. Third, secondary material was used to contextualise factual claims about ownership histories, company developments, and market conditions, thereby reducing the risk that the interpretation rests entirely on isolated statements.

Transferability refers not to statistical generalisation, but to the extent to which the findings may be analytically relevant beyond the immediate sample. The purpose of this thesis is not to claim that all PE-owned consumer brands will experience the same dynamics. Rather, it is to develop a conceptually grounded explanation of how PE governance may interact with brand equity under certain conditions. The inclusion of multiple PE firms, different respondent roles, and several brand types strengthens this form of analytical transferability because it demonstrates how the identified mechanisms recur across varied but relevant contexts. The study therefore offers findings that may be useful in understanding similar ownership situations elsewhere, while remaining cautious about universal claims.

Dependability concerns the transparency and traceability of the research process. This chapter has sought to make the logic of the study explicit by describing the philosophical position, the rationale for the qualitative strategy, the interview design, the sampling logic, and the analytical procedure. While interpretive studies cannot be replicated in the same way as a fully standardised quantitative design, a transparent account of how the study was conducted enables the reader to evaluate the coherence and consistency of the process. In this sense, dependability was strengthened through methodological clarity rather than through procedural standardisation alone.

Reflexivity was particularly important in this study because the phenomenon under investigation is both practically contested and conceptually loaded. Private equity ownership and consumer brand stewardship each carry normative assumptions, and respondents may interpret the same events differently depending on their professional role and organisational interests. The researchers remained attentive to the risk of reading the material too strongly through either a financial logic or a brand-centric logic. Throughout the analytical process, effort was made to distinguish clearly between respondents' interpretations, the sensitising concepts from the literature, and the researchers' analytical conclusions. This reflexive stance was necessary in order to avoid reducing the material either to the reproduction of interviewees' viewpoints or to the confirmation of a pre-existing theoretical argument.

A further issue concerns the relationship between flexibility and consistency in qualitative interviewing. Because some respondents were more involved in transactions while others were more centrally involved in brand management, the interview guide had to be adapted across interviews. This introduces a methodological challenge: adaptation may create variation in emphasis across interviews. However, in this study such flexibility was a strength rather than a weakness, because it allowed each interview to generate richer and more relevant data from the respondent's actual area of experience and expertise. The core thematic structure of the guide ensured sufficient consistency, while adaptation improved the quality of and ability to analyse the data.

Taken together, these quality criteria show that the study's methodological strength lies not in claiming neutrality or universality, but in presenting a coherent, transparent, and well-justified research design capable of producing credible insights into a difficult and underexplored problem. In that sense, the methodology is aligned with the thesis purpose and provides a convincing basis for the conclusions drawn later in the study.

3.7 Ethical Considerations

This study follows the ethical guidelines of Lund University and the Swedish Research Council's principles for research ethics. All participants were informed about the purpose of the study, the voluntary nature of participation, and their right to withdraw at any point without consequence. For participants who requested it, interview excerpts were shared for review and approval before inclusion in the thesis.

The study deals with commercially sensitive issues, including investment theses, governance practices, brand-related strategic priorities, and in some cases non-public aspects of portfolio company management. For this reason, confidentiality was an especially important ethical consideration. Interview data were stored securely and made accessible only to the research team. Participants were anonymised in the study unless explicit consent for attribution was provided. Where statements could potentially reveal specific individuals or sensitive transactions, findings were reported at a level of aggregation that protected respondent confidentiality while preserving analytical value.

The study also considered the ethical challenge of representation. Since respondents speak from different organisational positions and may have different incentives in how they describe PE ownership, the researchers sought to represent their accounts fairly without treating any single account as definitive. This was addressed by comparing perspectives across interviews and by interpreting statements in relation to broader patterns rather than relying excessively on isolated quotations. Ethical responsibility in this study therefore involved not only the treatment of participants and data, but also the fair and careful interpretation of contested organisational realities.

4 DATA

4.1 Overview of Empirical Material

This section presents the empirical findings from fourteen semi-structured interviews conducted in total. Ten interviews were conducted with professionals at five Nordic private equity firms: Altor, Axcel, eEquity, EQT and Verdane. Interviewee roles spanned from Investment Associate to Partner, Chair of Advisory Board, and COO. The remaining four interviews were conducted with professionals from consumer brands that have been, or are owned by private equity: Helly Hansen, Pandora, The Humble Co., as well as an experienced professional with expertise in Nordic beauty brands.

The sample combines firms with different investment logics, ownership horizons, and sector orientations, as well as brands with distinct identity bases, which makes it possible to identify patterns that recur across cases rather than remaining specific to one company or category. On this basis, nine themes are presented in the subsections below. Where relevant, secondary market data is introduced to contextualise the primary interview material.

Table 2 summarises all the private equity respondents and Table 3 summarises the consumer brand respondents.

Table 2: Overview of Private Equity Interviewees

Firm	**Type**	**Role(s)**	**Example Portfolio Brands**
Altor	Buyout & Growth	1. Partner 1 2. Partner 2 3. Head of Performance & Valuation	Toteme, Marshall, Helly Hansen, Rossignol, Revolution Race
Axcel	Buyout & Growth	4. Investment Professional	Pandora, Oral Care, AGRD Partners
eEquity	Growth Equity	5. Investment Professional	Macade, Chimi, John Henric, Ideal of Sweden, Aim'n, KidsBrandStore
EQT	Global Alternative Asset Manager	6. Partner & COO Private Capital Europe & North America 7. VP of Global Client Solutions	Eton, Scandic, XXL Sport & Villmark, Granngården
Verdane	Specialist Growth Equity & Buyout	8. Partner 9. Chair of Advisory Board 10. Investment Professional	Lumene Group, The Humble Co, Boozt, CAIA Cosmetics, MM Sports, Outnorth

Note: All interviewees are anonymised. Quotes reflect personal views, not official positions.

Table 3: Overview of Consumer Brand Interviewees

Brand	Category	Role(s)	PE Owner(s) / History
Helly Hansen	Technical Outdoor Apparel	11. Global Digital Marketing Planner	Altor (2006-2015), majority sold to Ontario Teachers' Pension Plan in 2012
Pandora	Accessible Luxury Jewellery	12. Global Product Professional	Axcel (2008-2014), IPO in 2010 on OMX Copenhagen, staged sell-downs until full exit 2014
The Humble Co	Sustainability-Oriented Oral Care	13. Marketing Manager	Verdane (2018-2021), Bayn Group (now Humble Group AB) 2021
Multiple Brands	Nordic Beauty & Skincare Companies	14. Experienced Marketing Professional	Cannot disclose

Note: All interviewees are anonymised. Quotes reflect personal views, not official positions.

4.1.1 Empirical Context: Private Equity and Consumer Brands

Private equity's engagement with consumer brands is a global phenomenon. Prominent transactions include L Catterton's investments in Birkenstock and Peloton, KKR's acquisition and IPO of Dr. Martens and Carlyle's stewardship of Moncler. These transactions share a common structural logic: PE acquires a brand whose intangible equity justifies a premium entry multiple, deploys governance and operational discipline during the holding period, and exits at a return determined partly by what has happened to that brand equity in the interim.

4.2 Theme 1: Brand Value Cannot Be Independently Quantified

Across all interviews, one finding emerged consistently: consumer brand equity is universally acknowledged as a source of competitive advantage and investment value, yet all PE firms find it difficult to assign a standalone monetary figure to it. Brand value was consistently described as an input to the overall valuation multiple applied to the target company's earnings, rather than a separately quantified line item.

> *"We have tried to evaluate brand value in a sophisticated way... we end up at something like an 8.2 out of 10. We have not been able to say this brand is worth 300 million."*
>
> — *Partner, Verdane*

> *"The brand is, of course, very important, but it is not easy to quantify its importance. The higher the valuation multiple applied, the more you are paying for a premium. It is just hard to quantify and therefore more of an intangible."*
>
> — *Head of Performance Management & Valuation, Altor*

> *"It's very hard to say exactly how much the brand is worth. It's impossible."*
>
> — *Partner & COO Private Capital, EQT*

The difficulty of quantification is not limited to the PE side. Brand-side interviewees confirmed that brand health is tracked through non-financial metrics that do not translate directly into a valuation figure. The Marketing Professional with experience in multiple Nordic beauty brands described regular brand-health studies that track awareness as well as different consumer attributes, allowing the company to monitor how people perceive the brand. The Global Product Professional at Pandora added that this quantification gap creates internal governance pressure: brand investment is always at risk of being cut because it resists the accountability framework that commercial metrics provide.

> *"If you only look at the commercial, you would have probably discontinued [the product] years ago. And actually, we are also seeing that now consumers are getting behind it slowly but steadily. It just takes time for disruptive things to land, and if you have that more performance marketing approach, new things will rarely work, except what you do*

> *already well."*
>
> — *Global Product Professional, Pandora*

Faced with this quantification problem, PE firms have developed two adaptive strategies. The first is to work backwards from an anticipated exit value rather than attempting to value brand equity at entry. The Chair of Verdane's Advisory Board explained that the investment team begins by estimating what the business must look like in four to five years to command a specific multiple from a defined buyer universe, then prices the current opportunity accordingly.

> *"We start with what are we going to sell and then we work backwards. Three times money over five years, that is the focus. Brand contributes to commanding a premium multiple at exit, not as a number today."*
>
> — *Chair of Advisory Board, Verdane*

This multiple-driven logic has become structurally more consequential as acquisition prices have risen. As Figure 4 shows, the buyout EV/EBITDA multiples reached a record high of 11.8× in 2025, up from 8.5× in 2016 (McKinsey & Company, 2026). When entry multiples are this elevated, the margin available from financial engineering alone narrows materially and the arithmetic of leveraged returns demands either EBITDA growth or multiple expansion at exit, or both (Kaplan and Strömberg, 2009). While the figure reflects global trends, the valuation pressure it illustrates was consistently cited by our Nordic PE firm interviewees as a structural constraint on consumer brand investments.

The second adaptive strategy is competitive differentiation. With approximately 8,000 PE firms globally, acquirers must articulate why their capital is superior. Brand equity becomes the justification for paying a premium, but only if the acquirer can credibly extend that brand into new customer segments or geographies.

> *"There are 8,000 private equity firms out there now. There are hundreds and thousands of trade buyers. You have got to figure out why your capital is better than somebody else's capital. A really cool brand with great customer love, we could go and extend it to these customers or geographies and therefore this business will be worth a lot more in three to five years time."*
>
> — *Chair of Advisory Board, Verdane*

In the absence of a discrete brand valuation metric, all firms have converged on proxy

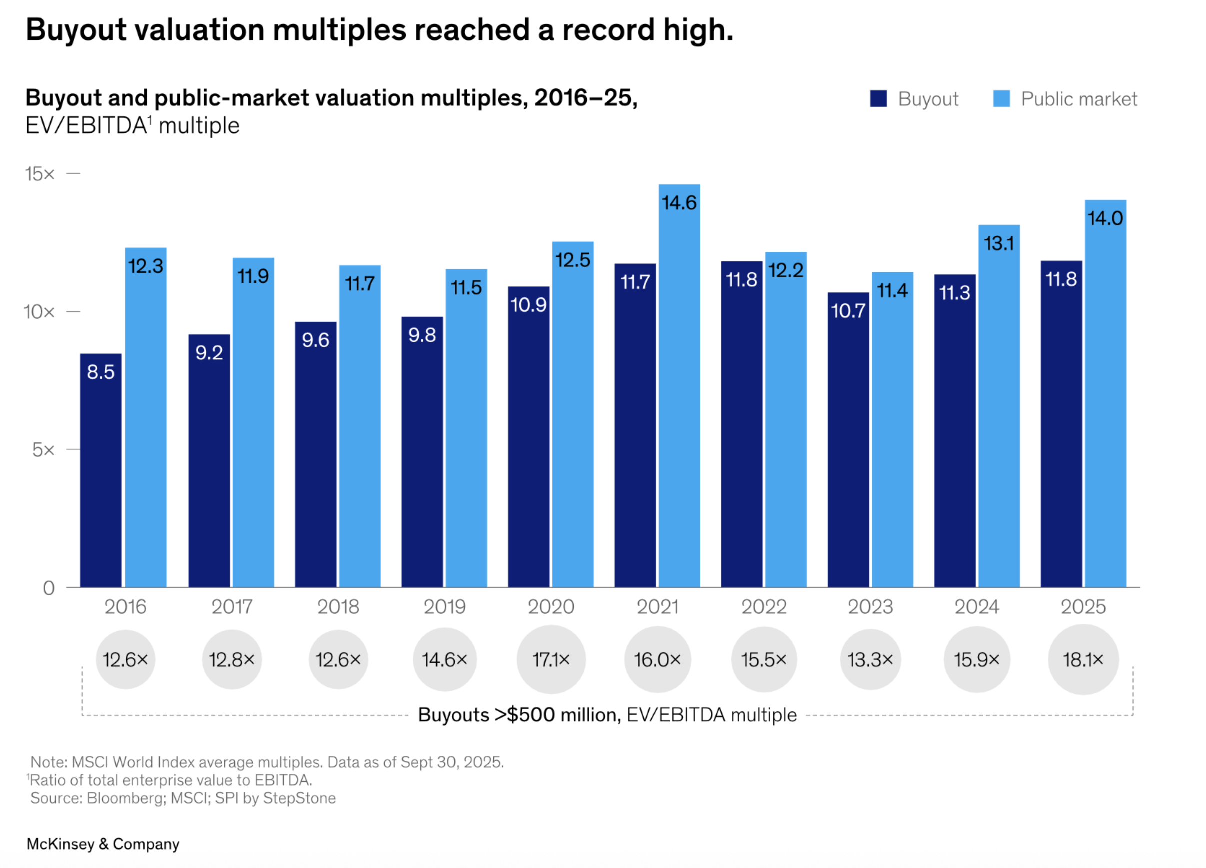

Figure 4: Buyout EV/EBITDA multiples (2016–2025). *Source:* McKinsey & Company (2026)

indicators. The most widely cited are customer-facing metrics: Net Promoter Score (NPS), customer retention rates, repeat purchase frequency, and review platform scores such as Trustpilot or Google Reviews. The Chair of Verdane's Advisory Board described the firm's "10 Ms" framework, where "massive customer love" ranks as the primary investment dimension, assessed through systematic consumer surveys during due diligence. However, several interviewees cautioned that even these proxies must be interrogated.

> *"You can work very actively on improving your scoring. Some people remove the bad scores. It is definitely not just take what it says, you need to understand properly and dig into how the company is working on it."*
>
> — *Partner, Verdane*

The secondary market data illustrates the effects of this valuation gap. Figure 5 presents the cross-sector EV/EBITDA comparisons, revealing that consumer discretionary companies trade at lower forward multiples (F12 estimate: 6.65×) than technology (19.74×) or industrials (12.46×), reflecting the market's pricing of higher volatility and reduced predictability as discussed in Theme 2. This multiple discount encodes the market's ambivalence about brand equity in consumer businesses: it acknowledges premium brand value through higher multiples for the strongest assets, but prices in the risk that such value may not be sustained.

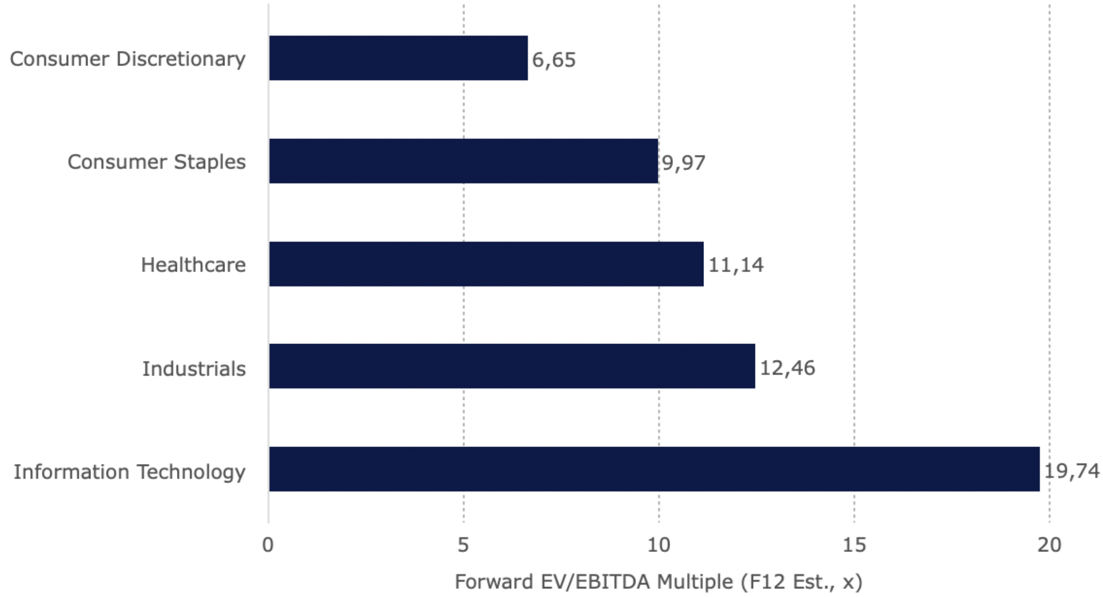

Figure 5: *European mid-market multiples by sector.* Consumer discretionary trades at a substantial discount to all other sectors implying higher cyclical and operational risk. *Source:* Bloomberg terminal data (MXEU sector indices), extracted 13 May 2026.

Key takeaway: The impossibility of standalone brand valuation forces PE firms to rely on proxies such as exit multiples, customer metrics and management quality assessments, rather than directly managing brand equity as a financial asset. This measurement gap is the structural origin of the measurement bias transmission channel identified in the theoretical framework. When an asset cannot be reliably quantified, governance frameworks systematically favour what can be measured (short-term performance marketing metrics) over what cannot (long-term brand equity). The following themes will show how this bias manifests in practice.

4.3 Theme 2: Consumer Brands Are Structurally More Volatile Than B2B Assets

The structural volatility of consumer brand investments relative to business-to-business alternatives was discussed with consistent emphasis across all interviews. Interviewees identified specific mechanisms that make brand-based revenue streams less predictable than contract-based or subscription-based B2B revenues, with direct consequences for how consumer investments are sized, structured, and held.

> *"More of our investments will go into industrial or business services, which is more traditional, non-cyclical industries, whereas the consumer sector can be somewhat be more volatile with consumer discretionary spend as well as overall consumer sentiment."*
>
> — *Head of Performance Management & Valuation, Altor*

> *"There is more risk to brand value than there is towards a sticky enterprise model customer relationship, where you sign on a 10-year deal. We are trying to be sophisticated and really measure and put value on it, but there is more risk to brand value, it is more volatile."*
>
> — *Partner, Verdane*

The Partner at Verdane articulated the core problem not as low average returns, but as the shape of the return distribution.

> *"The problem with consumer is not that the average return is too poor. It is simply that there is too much volatility and too many cases below 1×. It could be because the brand loses its value because there was [a person] who acted the wrong way, or consumers turned against it. Or a niche went from one brand being very important to suddenly no-name brands filling it."*
>
> — *Partner, Verdane*

He illustrated this through two portfolio experiences. In one case, a product category dominated by a single strong brand was disrupted when multiple no-name competitors entered with equivalent functionality at lower prices. Consumer willingness to pay a brand premium collapsed as the category became commoditised. In another, a functionality-driven consumer brand faced a rapid influx of competitors such as grocery chains, pharmacy chains and new startups, all within a single year, thereby compressing margins and threatening the brand's positioning, before ultimately recovering.

The Investment Professional at eEquity explained why direct-to-consumer (D2C) brands face structural revenue resets. In B2B companies, with software-as-a-service (SaaS) revenue models or long-term contracts, forward revenue visibility is high. For D2C brands, each new selling season constitutes a revenue reset. For example, a spring-summer collection must be designed, procured, and shipped months before consumer reception can be tested.

> *"For D2C fashion brands, every new spring and fall is in a sense a new battleground. It is a new business essentially starting every new quarter. That volatility goes in both ways: in good times it is the sweet spot, but with high fixed costs, the operating leverage cuts very sharply on the downside."*
>
> — *Investment Professional, eEquity*

The Investment Professional at Axcel provided a concrete example of this forecasting difficulty:

> *"We looked at a sportswear clothing brand with 50% growth per year. Everything looked great. We ended up not acquiring the business, and then the year after it lost 30% of revenues in a year, because all of a sudden that brand and that design was not perceived as attractive anymore. From a financial perspective that is very difficult to forecast."*
>
> — *Investment Professional, Axcel*

A Partner at Altor confirmed that this volatility explains why many PE competitors have reduced consumer exposure.

> *"Consumer sentiment, as per definition, is volatile. That is the reason why many of our competitors in the PE industry are not investing into consumer. We believe that if you have a very strong underlying brand value, that is one of the things that will shield you."*
>
> — *Partner 1, Altor*

The investment landscape has shifted accordingly. The Investment Professional at Axcel described a portfolio-level pressure wherein limited partners (LPs) increasingly expect a stable return distribution, not a few big winners offset by losses.

> *"Our investors like to see a stable performing fund. Ideally, the delta between the top performer and the low performers shouldn't be too large. We should be able to prove that we can systematically create value in all of our investments, that it's not just a matter of luck."*
>
> — *Investment Professional, Axcel*

Rather than treating the consumer sector as uniformly risky, a Partner at Altor described how the firm identifies "stable pockets", which are sub-segments where strong, pre-existing brand equity acts as a shield against sentiment shifts.

> *"Consumer sentiment is volatile, but you need to dissect that. If you have a very strong underlying brand value, that is one of the things that will actually shield you. Marshall is one of the strongest brands in the music industry. Real musicians who perform on stage use those products. That builds a very, very strong brand over time."*
>
> — *Partner 1, Altor*

A second Partner at Altor extended this logic to internationalisation. Strong brand equity renders short-term consumer spending fluctuations in any single market largely irrelevant to the investment case.

> *"If you pick companies with higher brand equity, you can leverage that to internationalise brands. Even if consumer spending fluctuates, it is irrelevant to the expansion story where you are growing 15-20% just based on brand equity."*
>
> — *Partner 2, Altor*

EQT largely exited consumer goods investments around 2012-2013 as e-commerce changed competitive dynamics. Price transparency eroded brand-based pricing premiums: consumers could instantly compare prices across platforms and default to cheaper alternatives unless brand differentiation was exceptionally strong.

> *"Price transparency has been horrible for brands and for the chains. Now you can Google where to buy any product cheapest. If many have the same product, consumers buy the cheapest one. Your brand becomes either even more important or completely irrelevant."*
>
> — *Partner & COO Private Capital Europe & North America, EQT*

Notably, the Chair of Verdane's Advisory Board offered a counter-argument. Despite the volatility, the firm maintains approximately 40% of its portfolio in digital consumer brands because the returns justify the risk.

> *"Our best returns over the last 20 years come from that sector. Lots of people focused on business-to-business rather than consumer and they did it for three reasons: macroeconomic cycles mean more volatility, your brand is at risk and there are fewer buyers of those types of businesses in the future. That often means prices are lower and you have more differentiation in your capital."*

> — *Chair of Advisory Board, Verdane*

The consumer brand practitioners confirmed this volatility. The Marketing Professional with experience in multiple Nordic beauty brands described the category's pronounced cyclicality:

> *"Even with some long-lasting bestsellers, the industry itself does experience cyclicality. You'll see suddenly skincare is taking off, and then suddenly the market is valorising and people are buying up, and then there's a squeeze, so people trade down. So there is cyclicality in the industry."*
>
> — *Experienced Marketing Professional, Multiple Nordic Beauty Brands*

He also identified a structural tension specific to sustainability-oriented brands: the sustainability premium that once differentiated certain companies has progressively eroded as sustainability became a baseline expectation rather than a differentiator. This implies that a brand's volatility profile can change during a PE holding period.

> *"Generally what we have seen from consumers is that consumers appreciate sustainability. Still, it is not a key reason why people buy cosmetics. People buy cosmetics because it actually provides a beauty need. What we do find is that the absence of sustainability, especially in the Nordics, can be seen as a negative."*
>
> — *Experienced Marketing Professional, Multiple Nordic Beauty Brands*

The Marketing Manager at The Humble Co. described a directly analogous experience. The brand built its early equity on sustainability positioning, but found that as the category normalised, those associations stopped driving purchase decisions. Brand-building investment is now being redirected toward efficacy and product performance claims.

> *""We really stand out when it comes to attributes linked to sustainability and natural products. But those associations are not really linked to purchases. Attributes such as good for caries, good for sensitive teeth, those drive the most purchases."*
>
> — *Marketing Manager, The Humble Co*

The secondary data confirms this pattern. Figure 6 shows that consumer discretionary index exhibits pronounced cyclical peaks and troughs coinciding with major macro events such as the 2008 financial crisis, the 2020 pandemic and the 2022-2023 interest rate shock.

In contrast, Figure 7 shows that consumer staples index remains comparatively stable across the same period, reflecting predictable, defensible cash flows.

Figure 6: Consumer discretionary index performance (2005–2026) *Source:* Bloomberg, accessed 13 May 2026

Figure 7: Consumer staples index performance (2005–2026) *Source:* Bloomberg, accessed 13 May 2026

The wide dispersion of outcomes in consumer discretionary investing is what practitioners mean when they describe consumer investments as producing too many sub-1× outcomes: the return distribution has meaningful downside tail risk.

Key takeaway: Consumer brand volatility underpins three transmission channels in the theoretical framework. First, high outcome dispersion and LP pressure for stable returns create temporal compression: PE owners face structural pressure to deliver predictable performance within fixed holding periods. Second, unpredictable consumer shifts drives measurement bias: when cash flows are volatile, governance frameworks default to measurable, short-term metrics over intangible, long-term brand equity. The erosion of sustainability as a differentiator introduces the third transmission channel: identity disruption, that is a brand acquired for a specific set of associations may face a fundamentally transformed competitive landscape at exit. The following themes examine the enabling conditions and governance mechanisms that either offset or amplify these risks.

4.4 Theme 3: Identity Continuity Shapes Brand Value

A recurring theme in the interviews is that consumer brand value does not reside in financial performance alone, but in the continuity of the identity that the brand signals to consumers. This identity is not fixed at the level of the organisation only; it is experienced externally through consistency, authenticity, and the degree to which the brand continues to appear like itself across time and transition. Under PE ownership, this creates a particular sensitivity to governance changes, because strategic shifts, leadership turnover, and repositioning can all alter how the brand is interpreted in the market.

4.4.1 Scaling, Localisation, and Brand Identity

Interviewees consistently suggested that consumers reward brands that appear coherent over time. This coherence is not the same as rigidity. Rather, it involves preserving the core meaning of the brand while allowing its expression to remain recognisable as the company evolves. When the founder is central to the brand, or when the brand is strongly associated with a clear purpose or way of speaking, that continuity becomes even more important because consumers are not only buying a product but also the identity the brand represents.

A further theme emerging from the consumer brand interviews is that scaling is not understood as a purely commercial exercise. Rather, it involves extending a brand into new contexts while preserving the identity that gives it value. This matters in the context of private equity because scaling appears as one of the main reasons consumer brands are attractive acquisition targets: PE is not presented as creating brand equity from scratch, but as enabling brands to expand what already exists.

The Global Digital Marketing Planner at Helly Hansen explained that in his experience, scaling requires a coherent core story, but one that can be adapted in execution across markets. This means that consistency does not come from identical messaging everywhere, but from retaining the same underlying brand logic while adjusting how it is expressed locally.

> *"It is one global story, but it can flex based on regions. You build one campaign story, but localise the execution to fit the culture, consumer behaviour, and strategy of that market. Those cultural nuances are very important when trying to connect authentically with people."*
>
> — *Global Digital Marketing Planner, Helly Hansen*

This framing suggests that brand consistency does not mean strict standardisation. Instead, consistency is preserved in the core, while adaptation happens in the way that story is translated into local consumer expectations. Even flagship products may require different emphasis across markets depending on what consumers value most.

> *"Effective marketing requires understanding local cultural nuances and consumer expectations. Different markets respond differently to the same product story. For example, a flagship product like the Odin jacket may be positioned differently in Europe versus the United States depending on what consumers value most in that market. The product itself can stay the same, but the storytelling and emphasis may adapt based on local culture, , behaviour, and demand."*
>
> — *Global Digital Marketing Planner, Helly Hansen*

The interview with the Marketing Professional with experience in multiple Nordic beauty brands develops the same point through Nordicness as a market-dependent identity marker. It shows how the same brand identity can travel differently across markets. Nordicness is not a fixed sign with one stable meaning, but something whose value depends on where and how it is used. For scaling, this means the brand has to preserve its core identity while adjusting how that identity is framed in different markets.

> *"Within the Nordics there is more of a trust element, while outside the Nordics it is more like a wellness, aspirational touch. You have brands coming from Italy, France, Brazil, Korea, and it can get quite saturated. So Nordicness can be a differentiation point but it is not the same thing everywhere."*
>
> — *Experienced Marketing Professional, Multiple Nordic Beauty Brands*

At The Humble Co., growth was framed less as geographic expansion than as staying aligned with the values that define the brand. In the respondent's account, the key issue is not whether the brand can grow, but whether it can do so without weakening its core promises.

> *"There is always going to be a trend you want to jump on, a product you want to launch, a collaboration to say yes to. But the most important question is always: why are we doing this, and is this correlating with our values? You have to be brave to say no."*
>
> — *Marketing Manager, The Humble Co*

Pandora adds a final variation by showing scaling as a move beyond an established product model while keeping the brand's meaning intact.

> *"There are so many brands that do aesthetic collections and cool collaborations. In the last few years, we've experimented a little bit with how to not just be a charms-and-carriers brand, but we've seen that whenever we forget who we are and our values, there is nothing to bring us back. So what we are trying to do is, even if it takes more time, or is more challenging, it has to fit with who we are. For instance, we had this collaboration with Bridgerton, which was great, but the reason we did it and that it performed so well was because it fit well with what we stand for. We had another collaboration a few years back, and it was cool, but it had nothing to do with what we stand for. We sold a lot in the moment, but nobody talks about it today."*
>
> — *Global Product Professional, Pandora*

Across the interviews, scaling is therefore less about replication than about controlled adaptation: brands are expected to grow while remaining recognisable, coherent, and true to what made them valuable in the first place.

4.5 Theme 4: PE Firms Invest in Consumer Only Under Specific Enabling Conditions

Despite the structural volatility documented in the previous section, several Nordic PE firms, including Altor, eEquity and Verdane remain active in consumer brand investments, despite varying commitments in the future. Their continued engagement is conditional on specific characteristics that offset the sector's inherent risks. This theme documents those enabling conditions, which collectively constitute an implicit investment thesis for consumer-facing assets.

The consumer brand interviews reveal that brands themselves are aware of these characteristics and actively manage toward them. The Global Product Professional at Pandora described how product innovation and communication are anchored in the brand's core identity, not merely in commercial opportunity. In her account, commercially motivated decisions are not rejected, but they still need to be translated through the brand's core identity if they are to create durable value. New materials, collections, and category extensions are therefore evaluated not only on whether they can generate revenue, but on whether they remain recognisable.

> *"We start from meaning. It's not like there is this new great aesthetic or this new great technology, and then we try to figure out how to bring meaning into it. It's the other way around. I'm presenting you with this concept because it is a new and exciting way to bring meaning. For instance, if we take the lab-grown diamonds we launched a few years back, it was actually a great fit. It wasn't about Pandora wanting to do diamonds or wanting to premiumise, even if that was part of it. In that case, it was about staying true to who we are, affordable and meaningful. There is nothing more meaningful than a diamond for engagement, something that stays with you forever and we can make it affordable and sustainable, which are also two essential values of our brand."*
>
> — *Global Product Professional, Pandora*

This logic maps onto what PE investors describe as the search for resilient consumer assets: brands whose equity can be extended into new categories or revenue pools without becoming detached from the associations that made them valuable in the first place.

4.5.1 Condition 1: Iconic or Heritage Brand Status

The most consistently cited enabling condition is the presence of strong, pre-existing brand equity. The Partner at Altor stated that the firm focuses on iconic brands, those with heritage, clear identity and a following embedded in professional or enthusiast communities.

> *"Our focus is on iconic brands, like Marshall, Rossignol, Toteme, CCM Hockey. If you are the second largest brand globally in a given industry, what is the risk that will go away overnight? We try to find comfort in the brands being really iconic and then, of course, we assess the particular circumstances of each company individually."*
>
> — *Partner 1, Altor*

The Partner also described the types of consumer investment she would categorically avoid, which helps to define the enabling condition through it's negative effect.

> *"We would probably not invest into a consumer brand that is a one-product-only company, a one trick pony and then suddenly that product goes out of fashion and there's nothing left. We would probably not invest into a brand that is highly dependent on an influencer or famous person. We would probably not invest into high fashion risk, any brand that is very popular amongst maybe the younger generation where one thing is in favour one day and the next it's something else."*
>
> — *Partner 1, Altor*

The Head of Performance Management & Valuation at Altor elaborated that iconic brands provide a platform for internationalisation that is less sensitive to short-term consumer sentiment in any single market. A brand growing in Asia while maintaining its European position renders a 2-3% contraction in European consumer spending is largely irrelevant to the investment case.

The Chair of Verdane's Advisory Board offered a complementary but distinct perspective. Verdane does not specifically target widely recognised brands. Most companies in the Verdane portfolio are not well known beyond their target customer segment. The firm's enabling condition is instead "massive customer love": deep affinity and repeat engagement within a defined customer community. This distinction is significant because it implies that the critical variable is the strength and stability of the customer relationship, not brand awareness in the abstract.

> *"Customer love can be: I really need this product and I can't find it anywhere else, or, there's lots of different ski wear out there, I really identify with that brand and hence the marketing and the proposition of that brand is really important. Iconic brands are often very expensive. We don't have a huge desire to focus on things that are super well known. What matters is that within their defined customer base, there is deep affinity."*
>
> — *Chair of Advisory Board, Verdane*

He connected customer love to the firm's core growth thesis, demonstrating that brand is not a soft consideration but a prerequisite for financial performance.

> *"I don't believe that you can grow at 21% unless you have a really cool customer journey. That customer journey starts with what you're known for - the brand - how you acquire customers. So a lot of what we do is what we call customer love."*
>
> — *Chair of Advisory Board, Verdane*

A concrete illustration of how iconic status translates into financial value comes from a second Altor Partner, who described Marshall's organic equity compounding.

> *"We get the most free advertising of any brand in the music space considering most artists are using Marshall speakers during the Superbowl Halftime Show. If you look at the Halftime Show, Marshall speakers are on display for minutes during the show, which is a much more genuine way to display a brand and Marshall does not pay for that, so that's basically [a substantial amount] of free advertising every year."*
>
> — *Partner 2, Altor*

Key takeaway: The iconic brand status and massive customer love is an enabling condition that maps onto the moderating conditions in the theoretical framework. Brands with strong pre-existing equity or deep customer affinity are structurally more resilient to the temporal compression and identity disruption channels. They can sustain brand investment through the holding period because their value creation thesis is growth (internationalisation, category extension) rather than extraction. Conversely, brands lacking these characteristics such as single-product dependency, influencer concentration, high fashion risk are precisely those most vulnerable to the measurement bias channel, where short-term performance metrics crowd out long-term brand building.

4.5.2 Condition 2: Recurring Purchase Behaviour

Several interviewees identified recurring or habitual purchase behaviour as a non-negotiable enabling condition. The Partner at Verdane stated explicitly that the firm typically will not invest in any consumer niche, regardless of brand strength, without evidence of repeat customers.

> *"We typically don't even invest in any niches, no matter the brand value, if there isn't strong support for customers coming back and shopping many times. If there's only one-offs, we think that's too risky."*
>
> — *Partner, Verdane*

Single-occasion purchases create volatile, lumpy revenue streams that are difficult to model and highly sensitive to marketing spend. The Investment Professional at Axcel cited pet food as an example of a consumer product with fundamentally defensive economics with a sticky business model. This "consumer staple" characteristic within a broadly discretionary category was cited as a comfort factor.

The secondary data reflects this logic. Table 4 shows that consumer staples trade at a forward EV/EBITDA of 9.97×, materially higher than consumer discretionary at 6.65×, reflecting recognition of more predictable cash flows.

Sector	**Forward EV/EBITDA**	**Implication for PE**
Consumer Staples	9.97×	Defensive, predictable cash flows
Consumer Discretionary	6.65×	Cyclical, higher operational risk

Table 4: F12 Estimates for Consumer Staples vs. Consumer Discretionary

Source: Bloomberg, extracted 13 May 2026

Key takeaway: Recurring purchase behaviour emerged as a non-negotiable screening criterion across all PE firms interviewed. Brands whose customers do not return are systematically excluded from consideration, regardless of brand strength or margin profile. Single-occasion purchases are viewed as too volatile reinforcing the structural preference for predictable, sticky revenue streams.

4.5.3 Condition 3: Unit Economics and the Hedonic-Utilitarian Spectrum

The Investment Professional at eEquity described one of the core screening criteria, that is evaluating the relationship between a brand's unit-level profitability and its marketing efficiency. By calculating the contribution margin from sales, specifically looking at revenue after deducting both product and shipment costs, one can assesses a brand's capacity to absorb customer acquisition costs (CAC). He noted that for brands with high margins, such as the eyewear company CHIMI, this relationship is highly favorable, allowing the company to increase marketing spend to drive incremental returns before reaching a point of diminishing returns.

> *"When you have a brand with super high returns on marketing investment, you can spend a lot on marketing before it becomes unfavourable. We look at the relationship between contribution margin and marketing cost, and we encourage founders to spend much more than they currently do, because the more you spend, the more you earn."*
>
> — *Investment Professional, eEquity*

He elaborated that GM2 essentially captures the incremental return on marketing investment, making it a key metric for assessing whether a brand can scale profitably.

The Associate also introduced a broader framework for understanding when brand equity matters at all: the distinction between hedonic and utilitarian shopping.

> *"Hedonic are things you buy for self- fulfilment, like a new shirt, a watch, a pair of glasses. Utilitarian shopping is things you need to shop regardless. For other categories like wet tissues or pet food, you don't really care that much about the brand. So the relevance of brand equity depends fundamentally on what the ultimate value-add of the product is for the consumer."*
>
> — *Investment Professional, eEquity*

Brand equity is therefore not a universal source of value across all consumer categories. In hedonic categories, such as accessible luxury jewellery or lifestyle apparel, symbolic value and consumer identity are the dominant differentiators. In utilitarian categories, functional performance, switching costs and channel access also drive pricing power, making the brand premium harder to isolate from other competitive advantages.

The secondary data reflects this logic. The cross-sector EV/EBITDA data presented in Figure 3, consumer discretionary at 6.65× against technology at 19.74× or industrials at 12.46×. This discount reflects not only demand volatility but also the difficulty of independently verifying brand contribution to excess returns.

Key takeaway: The hedonic-utilitarian distinction determines how brand equity contributes to value. In hedonic categories, brand equity directly enables pricing power and multiple expansion, thereby, making favourable unit economics critical for scaling marketing spend profitably. In utilitarian categories, brand equity plays a secondary role; value creation relies more on operational efficiency and recurring revenue. This explains how PE firms screen consumer brand opportunities across different investment theses.

4.5.4 Condition 4: AI Defensibility and Backed Efficiency

An additional enabling condition emerging within contemporary due diligence frameworks concerns a category's structural defensibility against artificial intelligence (AI) disruption. While AI is evaluated as an omnipresent variable across modern private equity portfolios, the Investment Professional at Axcel noted that consumer brands have a structural hedge against AI-driven displacement compared to knowledge-intensive or service-based industries:

> *"I think consumer is one of the industries which is more AI proof than certain other industries. [Furthermore,] there is an opportunity as well to make things more efficient on the back end, in designing products, production and in marketing."*
>
> — *Investment Professional, Axcel*

The Investment Professional at Verdane confirmed that AI defensibility has become a systematic part of portfolio reassessment.

> *"We have done a reassessment on all portfolio companies to see if they are defensible from AI. The key question is: can someone replicate this product in the near future?"*
>
> — *Investment Professional, Verdane*

He also elaborated that this question is now embedded in the firm's due diligence process for new investments.

> *"Recently, another factor we looked into is if the product itself or service provided is defensible or not in the current market. And I think that is definitely AI-heavy. The question is: is it defensible for AI?"*
>
> — *Investment Professional, Verdane*

The implication is that consumer firms are evaluated on two dimensions: defensive insulation on the front-end (tangible, identity-driven brand value that AI cannot physically replicate) and opportunistic acceleration on the back-end (using AI to compress costs and scale operations). Rather than facing an existential threat, well-positioned consumer brands are seen as structurally capable of capturing margin improvements through AI deployment.

Secondary industry data supports this dual dynamic. According to a Bloomberg Intelligence survey of 100 consumer C-suite executives, 92% are actively increasing AI expenditures, with 64% forecasting top-line and profit growth exceeding 6% over a two-to-three-year horizon driven by AI-enabled search, product design and supply chain optimisations (Goyal and Bartashus, 2026).

Key takeaway: AI defensibility has emerged as a formal screening criterion. Brands whose value resides in taste-making, aesthetic curation, or community-embedded identity are viewed as less replicable by AI-enabled entrants. This condition links to iconic brand status: heritage brands with deep community affinity possess a physical and emotional anchor that pure algorithmic replication cannot easily displace.

4.6 Theme 5: Brand Identity Concentration: Founder, Product, and Key-Person Risk

A fourth theme concerns brands whose perceived authenticity, continuity, and differentiation are concentrated in a single, non-institutionalized source. Several interviewees identified this as a qualitatively distinct category of risk not fully captured by standard financial modelling, and described specific mitigation strategies. The concept of brand identity concentration captures three empirically observable subtypes: founder concentration, product format concentration, and key-person operational concentration.

4.6.1 Founder Concentration

As noted in Theme 3, several PE firms explicitly avoid brands with high founder or influencer dependency due to the binary nature of the risk, where a single reputational event can collapse brand value.

Company Z illustrates this concentration risk. The brand was built in close association with a high-profile individual whose public identity was deeply embedded in the brand's visual language, marketing and consumer positioning.

> *"We were investing in a brand that is very strong, but you have one individual who might act the wrong way and suddenly all the value of that company, or a very large part of it, goes away. How can you accept to take that type of risk? If you have higher volatility, you need to have higher expected returns."*
>
> — *Partner, Verdane*

Verdane pursued two mitigation strategies. First, geographic expansion into markets where the founder was unknown, building the brand through conventional channels rather than founder-centric marketing. Second, a structured multi-year transition plan to transform the brand from a founder-led property into an institutionally owned brand.

> *"Even before the transaction was finalised, we reduced dependency by growing in Germany and Norway, where nobody knew [the founder's name]."*
>
> — *Partner, Verdane*

> *"We agreed a plan with her over three, four, five years to turn it into [Company Z], not a brand led by [the founder]."*
>
> — *Chair of Advisory Board, Verdane*

> *"[The founder] is now a brand ambassador and does not run the company anymore. There is a CEO and a management team that runs the company. Most entrepreneurs don't actually want to run large-scale companies."*
>
> — *Chair of Advisory Board, Verdane*

This transition structure preserves the founder's symbolic and creative contribution, which remains valuable for brand coherence and consumer trust, while operationally professionalising the business. The founder retains economic participation as a major shareholder and brand ambassador, maintaining aligned incentives, but cedes executive control to a professional management team.

4.6.2 Key-Person Operational Concentration

The Investment Professional at eEquity extended the logic of concentration to key personnel beyond founders. In consumer trend-driven businesses, the investment case rests heavily on specific individuals' ability to identify the right products seasons in advance.

> *"That key-person risk is typically much greater in smaller and fast-growing consumer brands than in more mature B2B businesses. Once we switch the CEO to more professional leadership, we typically see much more favourable results considering that the external CEO has clear directives from the owners' and no own agenda."*
>
> — *Investment Professional, eEquity*

The dependency dynamic also presents in a more diffuse organisational form. The Investment Professional at eEquity noted that in consumer trend-driven businesses, such as a curated fashion retailer, the investment case rests heavily on the purchasing department's ability to identify the right products seasons in advance. This creates key-person risk at the organisational level where the departure of a competent buying team or CFO could materially impair the business's ability to execute its core function.

4.6.3 Product Format Concentration

The consumer brand interviews add a third dimension: what might be called accidental brand dependency, where a brand has been built around a single product format rather than a named individual, but with comparably concentrated fragility.

The Global Product Professional at Pandora described the brand's historical dependency on the charm and carrier product concept, a dependency that was never intentional but emerged because brand identity was not actively managed in the company's earlier years, leaving the brand associated in consumer minds almost entirely with a single product format.

> *"We have a model that works, a super scalable and global model which is the charms-and-carriers concept that everybody associates us with. What we're now trying to do is to step away from that cash cow in order to embrace new things, allowing us to diversify in a way that is still us. In order to change, you need to take risks, and you need to accept that some things might not work out. It's the tension of having something that works,*

> *something big, scalable, and global, while the more entrepreneurial voices are trying to think long term and push the brand beyond the establishment."*
>
> — *Global Product Professional, Pandora*

This creates a structural vulnerability analogous to founder concentration: the equity is real and valuable, but it is concentrated and brittle, dependent on the continued relevance of a product category that the brand does not fully control.

4.6.4 Distributed Authenticity as Mitigation

The Global Digital Marketing Planner at Helly Hansen offered a complementary perspective on how concentration risk can potentially be managed through what can be termed distributed authenticity. Rather than concentrating the brand's identity in a single ambassador or influencer, he has learned that Helly Hansen often anchors its credibility in professional community endorsement, sailors competing in the Ocean Race, for instance, distributing the brand's credibility across a community rather than an individual.

> *"Professional athletes and experts who genuinely use the products in demanding conditions help validate the technical credibility of the gear. There is no stronger proof point than professionals saying a product performs in real offshore or mountain environments."*
>
> — *Global Digital Marketing Planner, Helly Hansen*

This distributed model lowers brand identity concentration. When authenticity is anchored in a professional community rather than a single person or product, the brand becomes more resilient to individual departures or category declines. The identity disruption channel – where governance transitions erode consumer trust – is structurally suppressed because no single point of failure exists.

Key takeaway: Brand identity concentration amplifies the identity disruption channel. When brand equity is concentrated in one source (founder, key-person, or product format), any transition risks eroding perceived authenticity. PE firms mitigate this through geographic diversification, structured founder-to-ambassador transitions, product portfolio expansion, and anchoring credibility in professional communities rather than single individuals. These mitigation strategies correspond to the moderating conditions in the theoretical framework: buyer sophistication (which prices concentration risk) and the management of concentration through governance design. The following themes examine how governance structures either preserve or erode this brand equity during the ownership period.

4.7 Theme 6: Board-Level Governance With Decisive Authority Over Brand Strategy

A fifth theme concerns the governance architecture through which PE firms exercise control over brand strategy. Contrary to an advisory or consultative model, the interviews consistently describe a decisive governance structure in which the board, appointed by and accountable to the PE owner, holds formal, binding authority over major brand decisions.

The Partner at Verdane described the three distinct organisational layers: the owners (PE firm), the board (appointed by the owners), and the management team (appointed by and accountable to the board).

> *"I have rarely had any case where the company has gone against what the board has decided. It is not advice. It is a decision. There are always protocols and formal decisions. The board is the employer of the CEO."*
>
> — *Partner, Verdane*

> *"If there is any change to the brand plan, there should be a board decision. Putting 50 million Swedish kronor per year in the budget for brand marketing is a big, long-term investment, that is not something delegated to the management team. Exactly how that is done, that exact split, is usually decided in the management team. But the big picture is in the board."*
>
> — *Partner, Verdane*

The Partner at Altor described a similarly decisive but more collaborative model. The firm's appoints independent board members with specific expertise relevant to each portfolio company, and maintains direct dialogue with management throughout the strategy formation process.

> *"We would appoint members to the Board of Directors. We would normally have a couple of independent members and try to set up a board that consists of owner representatives and independents with specific knowledge."*
>
> — *Partner 1, Altor*

> *"When it comes up for approval at board level, we would already know what is in there and would probably be behind 90% of it. That is kind of how we try to work -actively with the management teams, not bypassing the governance system, but already influencing it before it reaches the board formally."*
>
> — *Partner 1, Altor*

The Partner at EQT described a rigorous post-acquisition management assessment and a willingness to replace the CEO when performance deviates from the agreed strategy.

> *"We are very focused on management, do we have the right CEO, the right CFO, the right marketing manager. We try to find the best people for this company. We often change the CEO if things don't go the way that we want to, and the way that they've explained that it should go."*
>
> — *Partner & COO Private Capital, EQT*

The EQT Partner also described the firm's crisis governance mechanism, illustrating the speed of PE board intervention.

> *"Every time something big happens, like Covid or tariffs or war, within a couple of days we do something called 'all hands on deck,' where we go company by company and assess the impacts on each and every company."*
>
> — *Partner & COO Private Capital, EQT*

The Marketing Professional with experience in multiple Nordic beauty brands noted that:

> *"Whether you are on the stock market, private equity, or family owned, the key driver is, are you growing the brand? If you are, the owner is happy. If you are not, whether it is private equity, stock market, or family, they are usually not happy. I do not think ownership model has a massive impact, possibly."*
>
> — *Experienced Marketing Professional, Multiple Nordic Beauty Brands*

> *"I wouldn't say I've seen a major difference between the different ownership models I've worked towards. Yes, there can be situations here and there, but nothing substantial enough that I would say that one model is better or worse for building a brand. Because you can also have, for example, a family-owned company where you could have somebody*

> *who is extremely passionate about their product and their baby, and they're not touching it. And then you can be a marketing director saying, 'Hey, we really need to change the brand because this isn't landing with consumers,' and they're like, 'No, don't touch it."'*
>
> — *Experienced Marketing Professional, Multiple Nordic Beauty Brands*

Key takeaway: Major decisions such as repositioning, pricing shifts, and large marketing budgets require board approval. Some firms supplement this with independent board members possessing brand-specific expertise and maintain early dialogue with management before formal decisions. From the consumer-brand perspective, however, one respondent suggested that the main issue is less the ownership model itself than whether the brand is growing, implying that day-to-day brand governance may feel similar across ownership forms.

4.8 Theme 7: Structural Preference for Performance Marketing Over Brand Building

A sixth theme concerns the allocation of marketing investment within portfolio companies. Interviewees consistently described a systematic preference for performance marketing (measurable, conversion-oriented spending) over brand marketing (awareness-building investment with longer-horizon returns).

The Investment Professional at eEquity explained that performance marketing generates attributable returns within a reporting period, while brand marketing effects are diffuse, delayed, and difficult to attribute.

> *"Performance marketing is much more measurable: was it a successful campaign or was it not. Brand marketing is an investment for the future, it's very hard to measure the returns. That makes many companies follow the golden 80/20 split between performance and brand. Both are important albeit very different."*
>
> — *Investment Professional, eEquity*

He also described a broader paradigm shift: many PE firms now avoid consumer brands due to limited earnings visibility.

> *"We are in a paradigm shift. Most private equities don't even touch or would bother looking at a consumer or D2C brands because of the limited visibility in earnings. For consumer brands it's a bit challenging from a PE perspective. That's just the way it is."*

> — *Investment Professional, eEquity*

The Partner at Verdane acknowledged a more nuanced position. Brand investment is always necessary, a brand cannot be maintained on performance marketing alone without gradually eroding the equity that makes performance marketing effective. However, determining the right level of brand investment is genuinely difficult and no reliable model exists for calibrating the optimal brand-to-performance ratio across all contexts.

> *"We always think you need to invest in your brand, you can never only do performance marketing. But what is the right level? It is hard to say. It varies enormously depending on the category."*
>
> — *Partner, Verdane*

The EQT Partner offered a perspective on financial accountability: any request for brand marketing investment must ultimately be justified by demonstrable commercial outcomes. The recognition that brand effects take time is not an exemption from accountability, it is a deferred obligation.

> *"If you want to get money for marketing, you need to show that we sell more. I know the money comes later, but at some point you need to see it."*
>
> — *Partner & COO Private Capital, EQT*

The Partner at Altor extended this reasoning in a revealing direction. The most significant value driver in a PE holding period is not the cash flow generated during ownership, but the exit multiple commanded at sale. A brand that has been repositioned toward a higher-perceived-quality tier, attracting demand from strategic buyers who see clear acquisition logic, may be worth two to three times more at exit.

> *"Take an asset with \$20 million of underlying EBITDA. You pay 10× EBITDA today. If you can reposition it to a 15× multiple at exit, even without growing EBITDA at all, that's a \$100 million value increase. To create \$100 million in cash flow over a five year hold is almost impossible. The biggest value driver is at exit, but it is hard to underwrite. I think that's the key challenge in terms of investing in consumer brands."*
>
> — *Partner, Altor*

The consumer brand interviews provide a practitioner-level account of how this structural preference is experienced and negotiated within the consumer companies. The Marketing Manager at The Humble Co. described her approach to justifying brand investment to the CEO, and explained that the firm currently targets a 60/40 split in favour of brand marketing as a corrective to its early reliance on a product that largely sold itself, leaving the company with low brand awareness and weak brand associations.

> *"The bamboo toothbrush basically sold itself and we did not really work on our brand. We did not do any communication or activities toward the brand; what we did was mainly tactical advertising, pushing sales. Fast forward to today, we have really low awareness because of that."*
>
> — *Marketing Manager, The Humble Co*

> *"I always try to back my decisions with either research or what we can see from our customers. All the bigger decisions on how to do the split are backed by research and data. Even though my CEO is not a marketing expert, his interest means it is a discussion, not a battle."*
>
> — *Marketing Manager, The Humble Co*

The Global Digital Marketing Planner at Helly Hansen described his view of brand and performance as an ecosystem, not competing budget lines. His key concern is consistency: the risk that brand and performance teams pursue separate narrative tracks in the market, generating consumer confusion rather than reinforcing a unified story. The practical governance challenge is organisational rather than financial: ensuring that the creative logic of brand campaigns and the conversion logic of performance campaigns are coordinated around the same consumer journey.

> *"The foundation comes from the brand: the messaging, identity, and long term narrative of the company. Performance marketing then amplifies that story from a more commercial perspective. Ideally, both teams work closely together rather than separately."*
>
> — *Global Digital Marketing Planner, Helly Hansen*

The Marketing Professional with experience in multiple Nordic beauty brands described how brand health is monitored as an early warning signal, by running regular brand health studies that track consumer attribute associations. If brand and performance efforts become misaligned, the effects typically appear three to six months later.

> *"I think [performance and brand marketing] go hand in hand because the key goal of marketing is to build mental availability. Making sure people know the brand and think of it when they want to purchase. Performance marketing may have short-term goals, but it also contributes to long-term brand awareness and brand health. What's important is balancing short-term activities with long-term brand goals, because if they become misaligned, you will usually see the effects even three to six months later."*
>
> — *Experienced Marketing Professional, Multiple Nordic Beauty Brands*

The Global Product Professional at Pandora offered the starkest illustration of possible performance marketing consequences. She described a period in which Pandora's marketing operated on a performance-first logic, amplifying aesthetically driven campaigns that generated strong short-term sales but left consumers unable to identify what the brand stood for. The brand became associated with only one product logic rather than a broader brand concept, which limited Pandora's ability to expand.

> *"This is exactly the kind of attitude that we're trying to shift. Until now, the commercial side of the company was a little bit more ruling, but we saw that this did not stick. It ended up making us look like only one product and not a brand and it also limited us in terms of expanding. That's why now it's all about the brand. Even if something does not work immediately, it needs time to land. We have learned that if you only follow a performance marketing mindset, nothing disruptive will ever really work. So now it's about being consistent, sticking with the same message, and not trying ten different things, because otherwise consumers just get confused."*
>
> — *Global Product Professional, Pandora*

Key takeaway: Across the interviews, performance marketing was consistently described as easier to justify because it is more measurable and tied to short-term commercial outcomes. Several respondents also stressed that brand investment remains necessary, but that the appropriate balance between brand and performance varies by category and is difficult to calibrate. Brand-side practitioners described the need to maintain brand investment, monitor brand health, and avoid letting short-term tactics crowd out longer-term brand building.

4.9 Theme 8: Pre-Exit Compression: Brand Investment Systematically Reduced Before Sale

As the exit horizon approaches, interviewees described a systematic reduction in brand marketing investment and a corresponding increase in short-term promotional activity. This pattern represents the clearest empirical manifestation of the structural tension between PE's financial logic and the long-horizon requirements of consumer brand equity.

The Partner at Verdane explained that as exit approaches, the incentive structure shifts wherein the PE firm's financial return is determined by the exit price achieved. Increasing promotional campaign activity like discount events, seasonal sales, boosts short-term revenue and reported EBITDA, improving the financial metrics on which the business will be valued. He also mentioned that this comes at a cost where heavy promotional activity could erode price anchoring, conditions consumers to wait for discounts and degrades the brand positioning that justifies premium pricing. But these costs accrue over a horizon that extends beyond the exit.

> *"If you are getting closer to an exit, you are incentivised to push more campaigning and be less careful on long-term pricing risks. You reduce brand marketing and move toward performance marketing."*
>
> — *Partner, Verdane*

This dynamic is moderated by buyer sophistication. It alters the risk-reward profile of pre-exit marketing cuts. In brand-centric sectors (e.g., luxury and premium consumer goods), highly sophisticated buyers look past surface-level cash flows to audit brand equity, pricing out marketing neglect through a direct valuation discount. In contrast, commoditized industries reward spreadsheet-driven optimisation. Where buyers focus exclusively on EBITDA multiples, sellers face a powerful structural incentive to starve the brand to maximise short-term enterprise value.

> *"If you are in a niche where brand doesn't have as big a value, the buyers will probably not understand it. So your incentive to spend even less on brand when getting closer to exit is stronger."*
>
> — *Partner, Verdane*

The Chair of Verdane's Advisory Board introduced a useful temporal distinction. Over a two-year period prior to exit, it is entirely feasible to demonstrate long-term brand potential and investment in brand building. The compression becomes acute in the final six months and through the active sales process itself, where the pace of commercial due diligence creates an immediate focus on reported financials.

> *"It is a nuance between short-term profit improvement and long-term potential. If you can demonstrate long-term potential, people can pay for it. But not in the final two years, in the six months and through the sales process, there is always compromise."*
>
> — *Chair of Advisory Board, Verdane*

The structural incentive for this pre-exit compression has intensified materially in the current cycle, beyond what earlier PE scholarship anticipated. In a typical 2015 buyout, generating a 2.5× return over five years required only 5% annual EBITDA growth. Today's environment, defined by borrowing costs of 8–9%, leverage ratios compressed to roughly 30–40% and entry multiples still near record highs, demands 10–12% annual EBITDA growth to clear the same return hurdle (Bain & Company, 2026) (see Figure 1). Bain further documents that buyout funds are currently sitting on a record $3.8 trillion in unrealised value, with average holding periods at exit drifting toward seven years and distributions as a percentage of net asset value (NAV) remaining well below historical norms (Bain & Company, 2026). For consumer brand investments, where brand equity accumulates slowly and revenue visibility is structurally lower than in B2B or technology assets, this compressed return arithmetic intensifies the incentive to substitute short-term promotional activity for long-term brand investment as exit approaches. The mathematical case for pre-exit compression is stronger today than at any prior point in PE's history.

A further implication is that PE acquirers assume the same behaviour in sellers. When acquiring a brand from another PE owner, the firm begins its assessment with a prior that brand investment was likely reduced in the years preceding sale, creating an adversarial information problem that must be resolved through deep commercial due diligence.

> *"We could never sell a company to a buyer that cannot see an underlying, sustainable, long-term value. We need to be able to prove that the value is real. The bulk of value we extract comes at the exit point and that requires a long-term view on value creation, not short-term extraction."*

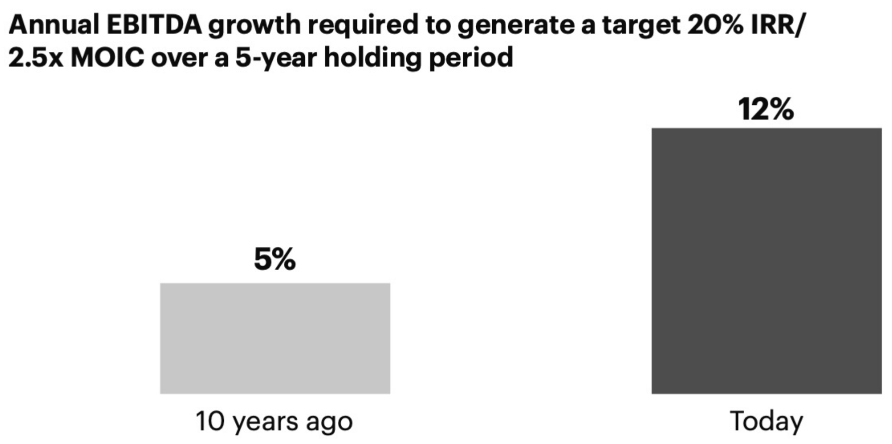

Figure 8: Required EBITDA growth to hit target PE returns. *Source:* Bain & Company Global Private Equity Report 2026. Reproduced for academic purposes.

> — *Partner 1, Altor*

> *"The bulk of the value that we extract comes at the exit point. We couldn't optimise for a five year journey, extract all value, and expect to sell it."*
>
> — *Partner 1, Altor*

Key takeaway: Pre-exit compression which is the systematic reduction of brand investment as sale approaches was consistently described across PE firms. The severity of compression depends on buyer sophistication: where acquirers cannot price brand equity, the incentive to cut is strongest. Some firms resist this pattern, arguing that sustainable exit value requires demonstrated long-term brand health, not short-term earnings optimisation.

4.10 Theme 9: Founder-PE Tension Over Short-Term and Long-Term Brand Investment

The final theme concerns the interpersonal and governance-level tensions that arise when PE ownership objectives and founder priorities diverge, particularly around decisions affecting brand equity over the medium to long term. While preceding themes describe structural tensions as features of the PE model, this theme focuses on how those tensions are experienced and negotiated within individual portfolio companies.

The Investment Professional at eEquity provided the most candid account. In companies where the PE firm holds a minority stake alongside founding entrepreneurs, as with [an affordable luxury brand] where eEquity holds approximately 30% and the two founders hold approximately 35% each, the divergence between ownership time horizons becomes practically significant. The PE firm, with a defined exit mandate, has incentives to maximise EBITDA within the holding period. The founders, with their identity and long-term vision tied to the brand, are reluctant to pursue aggressive marketing or promotional strategies that might generate short-term revenue at the cost of brand positioning.

> *"The entrepreneur will say: let's not push that hard on marketing because it might dilute the brand, we want a longer-term perspective. There is definitely a tension. You have to align from the get-go, because if you don't communicate clearly about each side's objectives, it comes as a surprise later."*
>
> — *Investment Professional, eEquity*

The Partner at Altor offered a perspective that nuances rather than denies the tension. As he described it, the firm's incentive structure is oriented toward long-term value creation, because most returns materialise at exit; premature value extraction would therefore undermine exit attractiveness and work against the firm's own incentives. The tension is therefore most acute in specific decisions like pricing strategy, marketing intensity, geographic expansion timing, and management professionalisation, not between PE and founders in aggregate.

> *"There is no way of extracting short-term value and at the same time maximising the outcome of an investment. You maximise the outcome by ensuring long-term value creation. Ideally, founders want to stay invested, stay motivated, and contribute and that is always value-maximising for us too."*
>
> — *Partner 2, Altor*

He illustrated this with an example.

> *"If you think about Hermès, they could be five times bigger if they sold all the handbags there is demand for, but it would damage the brand long-term significantly. Anything that has brand equity because of scarcity, you can always extend relatively easily. But discounting or leveraging outlet channels overly extends the brand long-term."*
>
> — *Partner 2, Altor*

The Head of Performance Management & Valuation at Altor introduced a related source of tension: debt covenants. When an acquisition is financed with leverage from a third-party lender, the loan agreement that contains financial covenants must be maintained. In periods of stress, meeting covenants may require prioritising near-term cash generation over brand investment, regardless of what would be commercially optimal in the longer term.

> *"There are different covenants that need to be met regarding financing. Although we want to invest in the future of the company, this can be a limiting factor depending on the performance of a company."*
>
> — *Head of Performance Management & Valuation, Altor*

The EQT Partner offered a counterpoint. For a sufficiently well-capitalised owner with a deep investment conviction, the tension between brand investment and financial returns is a false dichotomy. If the data supports brand investment as the right commercial decision, EQT will make that investment even if it temporarily suppresses reported EBITDA.

> *"If the right thing is to invest more in the brand, we will do it. We have a big fund behind us."*
>
> — *Partner & COO Private Capital, EQT*

Key takeaway: Tension between short-term financial optimisation and long-term brand investment is structural to PE ownership. It manifests most acutely in minority stake situations where founders retain meaningful ownership. Debt covenants can force near-term cash generation regardless of brand impact. Larger, better-capitalised funds with sophisticated consumer expertise may experience them less acutely than smaller funds operating in high-leverage, high-covenant environments.

5 ANALYSIS

The empirical material in Section 4 reveals a coherent structural logic governing how private equity firms interact with consumer brand equity. This section synthesises those findings through the analytical framework introduced in Section 2, examining the three transmission channels of temporal compression, measurement bias and identity disruption against the moderating conditions of holding period length, buyer sophistication and brand identity concentration. The analysis spreads across the four research questions.

5.1 How PE Firms Assess the Risk-Return Profile of Consumer Brand Investments

The first research question asks under what conditions consumer brand investments are attractive to PE firms despite their documented volatility. The empirical material reveals that the answer is not a simple sector-level judgement but a layered screening logic built around five enabling conditions: iconic or heritage brand status, massive customer love, recurring purchase behaviour, favourable unit economics and AI defensibility (Table 5). Taken together, these conditions describe a class of consumer asset that partially offsets the structural volatility of discretionary consumer spending by anchoring revenue in deep loyalty, habitual behaviour and identity-embedded differentiation.

Table 5: Enabling Conditions Mapped to Risk Mitigants

Enabling Condition	**Risk Mitigated**	**Primary Source**
Iconic / Heritage Brand	Commoditisation and competitive displacement	Altor Partner
Massive Customer Love	Revenue volatility from sentiment shifts	Verdane Chair of Advisory Board
Recurring Purchase Behaviour	Reset-driven revenue structure	Verdane Partner, Axcel Investment Professional
Favourable Unit Economics (GM2)	Marketing spend in efficiency and margin compression	eEquity Investment Professional
AI Defensibility	Competitive replication by AI-enabled entrants	Verdane & Axcel Investment Professional

This finding qualifies the theoretical framework in two important ways.

First, it confirms that PE firms do not treat consumer brand equity as a unitary construct. The Chair of Verdane's Advisory Board distinguished between broadly iconic brands and brands with deep but narrowly defined customer love. This distinction matters because the critical investment variable is the stability of the customer relationship within a defined community, not general brand awareness. This aligns with Romaniuk and Sharp (2016)'s distinction between mental availability and brand affinity, but adds a financial dimension: affinity within a defined community generates the repeat purchase economics that underpin the investment case, whereas broad awareness without loyalty depth does not. The data thus extend the theoretical framework by specifying the financial mechanism through which brand affinity translates into PE-investable cash flows.

Second, the enabling conditions map onto Aaker (1996)'s five-dimension model of brand equity in a way that illuminates what PE screening captures and what it systematically misses. Brand loyalty, operationalised through Net Promoter Scores (NPS), retention rates and repeat purchase frequency is the dimension most legible to PE governance frameworks and the most consistently screened for. Perceived quality, however, is largely inferred from pricing power rather than independently assessed. The Partner at Altor's observation that brands with true iconic status support premium pricing without heavy promotional activity is a proxy for perceived quality, not a direct measurement of it.

The cross-sector EV/EBITDA data in Figure 5 contextualises these screening conditions within market pricing. Consumer discretionary companies trade at forward multiples of 6.65×, materially below technology at 19.74× and industrials at 12.46×, reflecting the market's pricing of higher volatility and less predictable forward cash flows. This discount creates a structural opportunity for PE firms with the expertise to identify enabling conditions that the market has not fully priced. When a consumer brand with genuine iconic status and strong recurring purchase economics is valued at a generic consumer discretionary multiple, the entry premium relative to intrinsic exit value may be substantially lower than the sector average implies.

The enabling conditions therefore function as risk substitutes. Iconic brand status reduces the probability of below-1× outcomes. Recurring purchase behaviour introduces staple-like cash flow predictability. Favourable unit economics allow heavy marketing reinvestment without margin erosion. The GM2 framework described by the Investment

Professional at eEquity is the financial translation of this logic: the consumer brand is investable when the contribution margin from incremental sales materially exceeds the incremental cost of acquiring those sales through marketing spend.

The Partner at EQT's withdrawal from consumer goods investing represents the limiting case. When none of the enabling conditions can be reliably identified, the risk-return profile is simply not compatible with Limited Partner obligations. This is consistent with the theoretical framework's prediction that temporal compression operates most acutely when the brand lacks the equity depth to justify long-horizon investment within the fund lifecycle.

Having established how PE firms assess consumer brand investments, the analysis now turns to how active ownership governance interacts with the intangible nature of brand equity.

5.2 How Active Ownership Interacts with the Intangible Nature of Brand Equity

The second research question concerns how PE's active ownership model, specifically board governance, management assessment and value creation plans, interacts with consumer brand equity. The empirical material reveals a governance architecture that is more decisive and more brand-aware than the theoretical literature anticipates, yet simultaneously creates the measurement bias transmission channel identified in Section 2.6.

5.2.1 Governance Decisiveness and Brand-Awareness

On decisiveness: the Partner at Verdane's description of the board as the employer of the CEO, whose decisions are binding rather than advisory, establishes a formal authority structure that reaches directly into brand strategy. Any major change to the brand plan, pricing level, or marketing budget is a board decision. This is consistent with Acharya et al. (2013) documentation of PE firms' active use of board seats to monitor portfolio companies, but the empirical material adds texture: major brand strategy is treated as too consequential to delegate to the management team.

When brand decisions are made by financially-oriented principals rather than brand-specialist managers, the criteria for approval default to what is measurable and attributable such as EBITDA impact, payback periods, and exit multiple contribution, rather than what is strategically desirable for long-term brand health.

On brand-awareness: the data reveals that Nordic PE firms have developed more sophisticated brand assessment frameworks than the theoretical literature anticipates. Verdane's 10 Ms framework, which ranks massive customer love as the primary investment dimension, represents a formal operationalisation of brand equity within the investment committee process. Similarly, Altor's focus on iconic brands with international growth potential treats brand strength as the primary lever for the internationalisation thesis. These frameworks institutionalise brand thinking beyond the financial engineering emphasis documented in earlier PE literature (Kaplan and Strömberg, 2009).

5.2.2 The Measurement Bias Channel in Practice

Yet the same governance architecture that produces brand-awareness also creates the measurement bias transmission channel. The Value Creation Plan (VCP), established within the first 30 days of ownership, demands quantifiable accountability. Performance marketing, with its short-cycle attribution, is structurally legible within this framework. Brand marketing, with its diffuse and delayed returns, is not.

The EQT Partner's statement that marketing investment must ultimately demonstrate that sales increase captures this accountability constraint. This is consistent with Jensen and Meckling (1976)'s principal-agent framework: under information asymmetry, organisations reward observable outputs. PE's VCP framework systematically elevates observable outputs over the equity-building activities that Binet and Field (2013) demonstrate are essential for long-run brand health.

The 80/20 performance-to-brand marketing split described by the Investment Professional at eEquity exemplifies this bias. It is driven by measurability rather than optimality and deviates significantly from the empirically optimal 60/40 allocation (Binet and Field, 2013).

The temporal dynamics of this erosion are not immediately visible in financial metrics. The Marketing Professional with experience in multiple Nordic beauty brands account of brand health studies that detect performance-driven equity erosion three to six months before it reaches the revenue line maps onto Mizik and Jacobson (2007)'s myopic management model. The deterioration becomes visible in brand-based leading indicators before it appears in accounting measures. This three-to-six month lag is analytically important because it falls within the quarterly reporting cycle on which PE governance relies. The damage accumulates invisibly within the standard accountability framework.

5.2.3 The Identity Disruption Channel and its Mitigation

The management assessment function introduces a further governance risk. The EQT Partner's description of a rigorous post-acquisition assessment, including willingness to replace the CEO when performance deviates from the agreed strategy, creates the identity disruption channel identified in Section 2.6.

Beverland and Farrelly (2010)'s finding that consumers actively scrutinise brands for congruence between stated values and observed behaviour takes on direct operational significance. Viewed through Keller's resonance pyramid, such disruptions matter because PE governance may preserve awareness while weakening the deeper layers of meaning, response, and resonance that sustain durable brand equity. A new CEO who brings a different strategic orientation risks generating the authenticity gap that erodes consumer trust (Ton et al., 2025). This is not a theoretical risk but an observed one; several interviewees described consumer-facing businesses where management transitions had simultaneously improved operational metrics and weakened brand associations.

The empirical material, however, also documents mitigation strategies that the theoretical framework did not fully predict. PE firms have developed three structural responses to the identity disruption risk: structured founder-to-ambassador transitions, anchoring brand authenticity in professional communities rather than individual leaders, and appointing independent board members with brand expertise.

These strategies share a common logic: decoupling operational management from brand custodianship. This extends the theoretical discussion in Section 2.3.2. When the CEO changes but brand identity is institutionally embedded, in a retained founder ambassador, a user community, or a brand-specialist board member, continuity authenticity can survive management turnover. This represents a governance innovation relative to what the theoretical literature documents: not just recognising the identity disruption risk, but building structural constraints around it.

5.2.4 The Valuation Impasse

Section 4.4 documents a consistent finding across all five PE firms: brand equity is acknowledged as a primary source of investment value yet resists translation into a standalone monetary figure. Damodaran (2007)'s demonstration that formal valuation methods produce estimates ranging from \$51 billion to \$82 billion even for Coca-Cola provides the explanation. For PE's private acquisition targets, where none of the conditions for reliable valuation hold, the attribution problem is structurally intractable rather than merely difficult.

What the empirical findings add beyond previously mentioned is the institutional response to this impasse. Rather than refining valuation methods, PE firms have substituted a different logic entirely: brand influences the exit multiple rather than appearing as a separately priced entry asset. The Partner at Verdane's "8.2 out of 10" captures a directional score that reflects brand strength without pretending to resolve the attribution problem. The Chair of Verdane's Advisory Board makes the substitution explicit: "We start with what are we going to sell and then we work backwards." Brand equity enters the investment case not as a standalone figure but as a driver of the expected exit multiple.

The governance implication of this substitution is significant and connects directly to the measurement bias transmission channel. Proxies such as NPS, retention rates, and Trustpilot scores capture brand loyalty and perceived quality, two of Aaker (1996)'s five dimensions. However, they are structurally blind to brand associations and proprietary brand assets, the dimensions through which distinctive retrieval cues and emotional depth accumulate. The dimensions most resistant to proxy measurement are therefore also the most likely to be systematically under-invested during the holding period. This is the precise mechanism through which measurement bias operates not merely as a reporting limitation but as a structural governance risk: it is not that PE firms choose to neglect these dimensions, but that their measurement infrastructure renders those dimensions invisible.

Table 6 summarises the four governance mechanisms identified across the interviews, their observed practices, and their transmission channel implications

Table 6: Governance Mechanisms and Their Brand Equity Implications

Governance Mechanism	Observed Practice	Brand Equity Effect	Transmission Channel
Board authority over brand strategy	Major repositioning, pricing shifts, and marketing budget are formal board decisions; not delegated to management	Protects against management-level short-termism; concentrates brand risk in financially-oriented principals	Measurement bias (indirect)
Value Creation Plan (VCP)	30-day plan plus 3-year sector playbook; consumer module includes D2C development, CAC and churn improvement	Institutionalises quantifiable proxies; deprioritises long-payback brand investment	Measurement bias; temporal compression
Management assessment and CEO replacement	Post-acquisition assessment; CEO replaced if strategy deviates materially from agreed plan	Professionalises operations but risks continuity authenticity erosion	Identity disruption
Crisis governance	Company-by-company impact assessment within days of major macro events	Enables rapid operational adjustment; may suppress brand investment during uncertainty	Temporal compression

The governance mechanisms examined above create three structural tensions. The analysis now turns to how these tensions operate in practice.

5.3 Structural Tensions Between PE's Financial Logic and Brand Equity Requirements

The third research question addresses the structural tensions between PE's exit-driven financial logic and the long-term investment requirements of consumer brand equity. The empirical material provides the richest and most candid evidence on this dimension and reveals that the core tension is not between PE ownership and brand investment per se, but between the incentive architecture of the fund lifecycle and the temporal properties of brand equity accumulation. Three structural tensions emerge from the data, with specific moderating conditions that either amplify or suppress each.

5.3.1 Temporal compression and pre-exit promotional substitution

The pre-exit compression finding is the clearest empirical manifestation of the temporal compression channel identified in Section 2.6. As the exit horizon approaches, the fund's incentive structure shifts. Increasing promotional campaign activity (discount events, seasonal sales) boosts short-term revenue and reported EBITDA, improving the metrics on which the business will be valued. However, this improvement comes at a cost that accrues beyond the exit: heavy promotional activity erodes price anchoring, conditions consumers to wait for discounts, and degrades the brand positioning that justifies premium pricing.

The Partner at Verdane's account illustrates the mechanism: as exit approaches, promotional campaigns intensify and brand investment declines because the seller captures short-term revenue gains while the buyer inherits the long-term brand erosion.

This maps directly onto Mizik and Jacobson (2009)'s theoretical prediction that the PE exit process creates an adversarial information problem: the seller captures the value of short-term earnings optimisation while the buyer inherits the equity erosion cost. This is not individual short-termism but what Jackson and Petraki (2011) term structural short-termism, which is an outcome generated by the governance architecture itself, not by individual managerial failures.

The structural incentive for this compression has intensified materially in the current cycle. With borrowing costs at 8–9%, leverage ratios compressed to 30–40%, and entry multiples near historical highs, the annual EBITDA growth required to clear a standard PE return hurdle has risen from approximately 5% a decade ago to 10–12% today (Bain & Company, 2026). The mathematical case for pre-exit compression is stronger now than at any prior point in PE's history.

The severity of this compression is, however, moderated by buyer sophistication. In niches where acquirers deeply understand brand equity such as luxury fashion and specialist consumer goods, under-investment in brand marketing prior to exit is readily identifiable and reflected in a discounted offer. In brand-centric sectors, highly sophisticated buyers look past surface-level cash flows to audit brand equity, pricing out marketing neglect through a direct valuation discount. In contrast, commoditised industries reward spreadsheet-driven optimisation. Where buyers focus exclusively on EBITDA multiples, sellers face a powerful structural incentive to starve the brand to maximise short-term enterprise value.

This moderating relationship, predicted theoretically in Section 2.6, receives strong empirical confirmation. The Partner at Verdane's explicit acknowledgement that incentives to cut brand spend intensify when buyers are not brand-literate establishes the conditional nature of the compression mechanism.

5.3.2 Measurement bias and the performance-brand marketing allocation

The measurement bias channel operates with particular force in the performance versus brand marketing allocation. The 80/20 split toward performance marketing described by the Investment Professional at eEquity is a direct empirical instantiation of Binet and Field (2013)'s finding that below-threshold brand investment progressively erodes pricing power and raises customer acquisition costs over a three-to-five year horizon.

The structural invisibility of this degradation within standard quarterly PE reporting is precisely the property that makes myopic management structurally induced rather than individually chosen. No single actor is choosing to damage the brand; the accountability framework simply makes brand deterioration invisible until it reaches the revenue line.

What the empirical material adds beyond the theoretical prediction is the portfolio company experience of negotiating within this constraint. Brand-side practitioners consistently describe the need to build an evidential case for brand investment (consumer research, brand health surveys, industry benchmarks like the 60/40 rule) because brand marketing cannot defend itself through the same short-cycle attribution that performance marketing provides. This negotiation reflects the structural asymmetry between measurable and unmeasurable returns that Jensen and Meckling (1976)'s principal-agent framework predicts.

5.3.3 Debt covenants and capitalisation constraints

A third structural tension, not fully anticipated in the theoretical framework, concerns debt covenants. Third-party lender covenants must be met regardless of what is commercially optimal for long-term brand health, creating a floor effect. Even PE owners with genuine long-term brand investment intentions may be constrained by the financial structure of the acquisition during periods of stress.

The Head of Performance Management at Altor's account of the trade-off between meeting covenants and investing in future brand equity adds an important qualification to the theoretical literature's treatment of PE's short-termism as solely a fund lifecycle incentive problem (Barton and Wiseman, 2014). Leverage structure itself can impose short-termism independently of the owner's stated preferences. Well-capitalised funds with lower leverage levels experience this constraint less acutely, explaining the EQT Partner's claim that a sufficiently well-capitalised owner can always make the right brand investment.

An important counterforce that the theoretical framework underweights is the multiple expansion case for brand investment. The Partner at Altor's argument that repositioning a consumer brand toward a higher-perceived-quality tier can generate exit multiple expansion worth more than five years of EBITDA growth establishes a financially coherent case for brand investment that operates entirely within PE's own logic.

When the anticipated exit audience is brand-literate, maintaining brand equity is directly legible to exit valuation, which removes the structural incentive to compress it. The moderating role of buyer sophistication is therefore not only suppressive of bad behaviour but actively enabling of good behaviour: it transforms the financial calculus in favour of long-term brand investment.

Having identified the structural tensions, the analysis now looks at the conditions under which PE ownership strengthens versus erodes brand equity.

5.4 When PE Ownership Strengthens Versus Erodes Consumer Brand Equity

The fourth research question asks under what conditions PE ownership strengthens versus erodes consumer brand equity and what mediating factors shape this outcome. The empirical material reveals that the outcome is not determined by PE ownership itself but by a set of conditional factors. Where these conditions are absent, brand equity erosion follows through three mechanisms documented below. Where they are present in a specific conjunctive configuration, brand equity strengthening occurs. This configuration, which this study terms the Strategic Brand Governance (SBG) configuration, is derived from an analysis of interviews where brand equity was preserved or enhanced during the holding period.

5.4.1 Brand equity erosion conditions

PE ownership erodes brand equity through three mechanisms that the empirical material consistently documents.

The first is pre-exit promotional substitution: the systematic replacement of brand marketing spend with conversion-oriented activity in the years before exit. This describes precisely the mechanism that Binet and Field (2013) predict will erode pricing power over a three-to-five-year horizon. The cost is invisible in the exit year's financial metrics but is inherited by the next owner, the adversarial information problem that Mizik and Jacobson (2009) identifies.

The second erosion mechanism is brand identity disruption through unsignalled management transition. The eEquity Investment Professional's observation that CEO replacement in consumer-facing businesses can produce better financial results while simultaneously generating key-person risk captures the paradox. A professionally executed CEO transition can improve operational performance while damaging the authenticity that drove the acquisition premium, especially where the departing CEO embodied a significant portion of the brand's narrative (Beverland and Farrelly, 2010). This is not a failure of intent but a structural consequence of substituting professionalisation for custodianship.

The third erosion mechanism is buy-and-build architecture misjudgement. Whether acquired brands should be subsumed under a group identity or allowed to retain their individual equity depends on sector-specific consumer trust dynamics, the conditions under which brand consolidation creates efficiency without destroying loyalty. Standard commercial due diligence may not fully capture these dynamics, producing architectures that optimise for operational logic at the cost of brand equity.

5.4.2 Brand equity strengthening conditions: The Strategic Brand Governance configuration

Examining cases where brand equity was strengthened against those where it was eroded, a consistent pattern emerges that this study terms the *Strategic Brand Governance* (SBG) configuration. The SBG configuration is a structural alignment of six conditions that jointly suppress the three transmission channels. It is derived from the cross-case analysis and was not predicted in advance by the theoretical framework, though it is consistent with the conditions the literature identified as theoretically possible in Section 2.6.

Figure 9 illustrates the SBG configuration as a conjunctive set: all six conditions must be present simultaneously. Missing any single condition shifts the outcome toward erosion or value leakage.

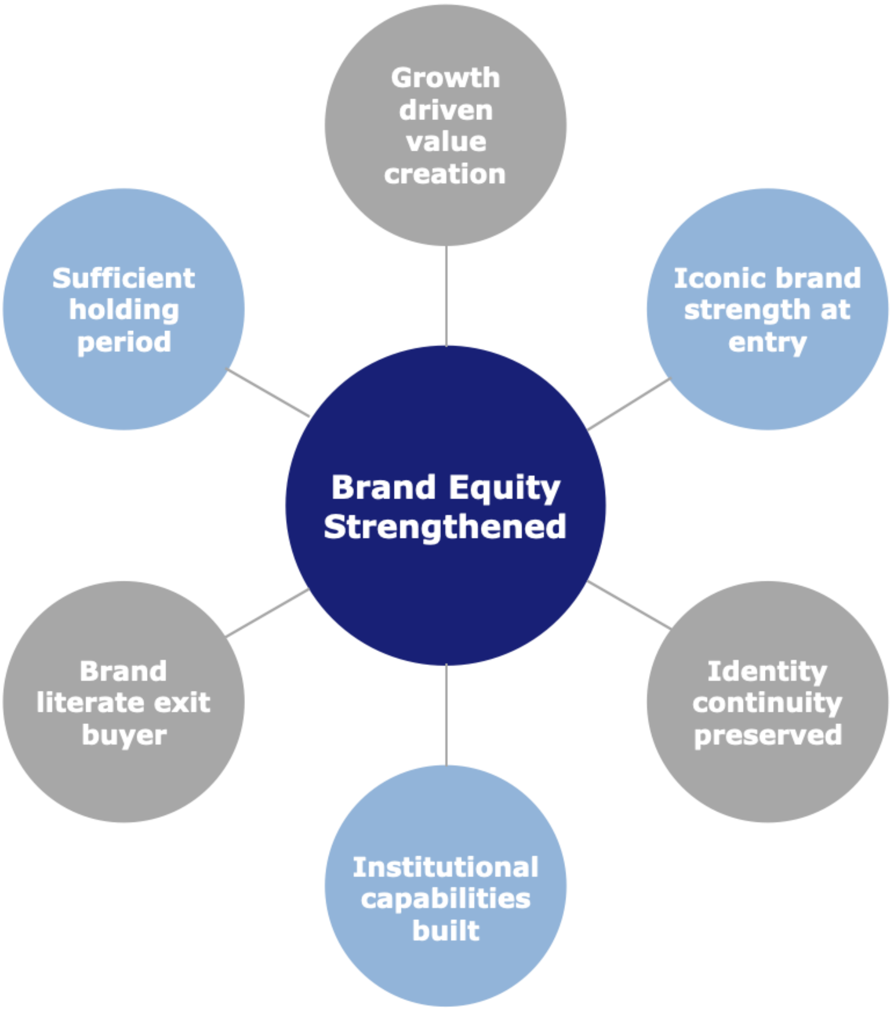

Figure 9: Strategic Brand Governance

The six conditions of the SBG configuration are:

1. **Iconic brand strength at entry.** PE acquires a brand whose equity base is already established, with heritage, clear identity, and a following embedded in professional or enthusiast communities. This condition maps onto Aaker and Keller (1990)'s brand extension logic: established equity can be leveraged into new markets and

categories without requiring reconstruction from the ground up. The Partner at Altor stated: *"Our focus is on iconic brands, Marshall, Rossignol, Toteme, CCM Hockey. If you are the second largest brand globally in a given industry, what is the risk that will go away overnight?"* This condition functions as a risk substitute: it reduces the probability of below-1× outcomes by providing a competitive moat resistant to commoditisation and sentiment shocks..

2. **Identity continuity preserved through governance.** Founder retention in ambassadorial or creative roles, combined with professional management of commercial operations, decouples operational change from brand custodianship. The governance architecture also shows that strengthening outcomes involved professional management introduced alongside rather than instead of the founding team. This architecture directly suppresses the identity disruption channel: brand continuity is preserved through governance design rather than despite it, institutionally embedding the brand's narrative in a role that survives management turnover (Beverland and Farrelly, 2010). Verdane's structured transition with Company Z exemplifies this: *"We agreed a plan with her over three, four, five years to turn it into a brand, not a brand led by her... she's now a brand ambassador and does not run the company anymore."*

3. **Institutional capabilities built around identity.** Investment in supply chain, franchising, direct-to-consumer (D2C) infrastructure, and international distribution extends the brand's reach without displacing its identity. This condition is technically significant because it addresses the *measurement bias* channel directly. When brand investment produces observable operational assets such as new distribution channels, international subsidiaries, or proprietary D2C platforms, those investments become partially legible within PE's accountability frameworks. They appear as capitalised assets rather than expensed marketing costs, making them visible to the VCP's quantifiable metrics.

   A distinct but complementary mechanism is organic equity compounding: when an existing brand community generates unpaid endorsement that raises brand value without additional marketing expenditure. The Partner at Altor's description of Marshall receiving minutes of Superbowl Halftime Show exposure at no cost because professional musicians genuinely choose the product exemplifies this. Similarly, Toteme's organic reach is sustained by influencers wearing the brand without payment, and Helly Hansen's technical credibility is reinforced through real athletes who use the product in authentic conditions.

PE governance did not create this dynamic but was well positioned to leverage and extend it, in Marshall's case through international expansion and in Toteme's case through distribution scaling. Temporal compression is suppressed in this configuration because organic endorsement creates an alternative, non-paid attribution path that makes brand investment legible through earned credibility and third-party validation rather than only through paid marketing metrics.

The Partner at Altor described how internationalisation renders short-term fluctuations irrelevant: *"If you pick companies with higher brand equity, you can leverage that to internationalise brands. Even if consumer spending fluctuates, it is irrelevant to the expansion story where you are growing 15-20% just based on brand equity."*

4. **A brand-literate exit buyer.** The anticipated acquirer is capable of independently assessing and pricing brand equity. This condition preserves the structural incentive to maintain brand investment through to exit and prevents the pre-exit promotional compression documented in the empirical data. As Damodaran (2007) implies, the valuation attribution problem is least severe precisely when the buyer has the domain knowledge to conduct independent brand assessment. The Verdane Partner explained the mechanism: *"If you are in a niche where brand doesn't have as big a value, the buyers will probably not understand it. So your incentive to spend even less on brand when getting closer to exit is stronger."* Conversely, when the buyer understands brand equity, the seller's incentive to cut brand spend collapses because the buyer will detect it and discount the offer accordingly.

5. **Sufficient holding period.** The fund holds the asset for a duration long enough to allow brand investments to compound and internationalisation to take effect. This condition is the temporal enabler of the others: without sufficient time, even iconic brand strength and identity continuity cannot produce strengthening outcomes. The Chair of Verdane's Advisory Board drew a temporal distinction: *"It is a nuance between short-term profit improvement and long-term potential. If you*

can demonstrate long-term potential, people can pay for it. But not in the final two years in the six months and through the sales process, there is always compromise." A sufficient holding period, generally five years or more, allows the growth thesis to be credibly demonstrated to exit buyers and provides the runway for institutional capabilities to be built.

6. **Growth-driven value creation.** The investment thesis is organised around expansion such as internationalisation, category extension, or channel development, rather than only cost reduction or financial engineering. In cases where the value creation thesis requires brand equity to travel rather than be harvested, temporal compression is structurally reduced. The investment becomes legible to exit buyers as a growth story, which preserves the incentive to maintain brand investment through the holding period.

   Scaling is especially significant here. When expansion into new markets or segments is managed through controlled adaptation rather than standardised replication, it can reinforce rather than dilute brand equity. Under these conditions, PE ownership helps extend the reach of the brand while keeping it recognisable to consumers. When value creation is growth-driven, long-horizon brand investments become financially rational within the holding period because they are the mechanism by which returns are generated. Conversely, when the thesis is extraction (cost-cutting, promotional substitution, or harvesting existing cash flows), brand investment becomes an expense to be minimised rather than an asset to be cultivated. The Partner at Altor made this logic explicit: *"The bulk of value we extract comes at the exit point... that requires a long-term view on value creation, not short-term extraction."*

What is distinctive about the SBG configuration is that it addresses all three transmission channels simultaneously. Temporal compression is suppressed by growth-driven value creation and sufficient holding period. Measurement bias is corrected by institutional capabilities that render brand investment partially legible to PE's accountability frameworks. Identity disruption is constrained by governance structures that preserve continuity while professionalising operations, a constraint that is particularly critical when brand identity concentration is high.

The configuration is *conjunctive*: the six conditions reinforce each other, and their joint presence distinguishes strengthening from erosion. Cases where only some conditions were present, where the exit audience was brand-literate but the holding period was too short, or where identity continuity was preserved but the growth thesis was extraction-oriented, did not produce strengthening outcomes.

This conjunctive property is itself a contribution to the theoretical framework. Section 2.6 identified the three transmission channels and their moderators, but the cross-case analysis demonstrates that these moderators must operate jointly, not independently, to produce a strengthening outcome. The SBG configuration specifies how this joint operation works.

First, temporal compression is suppressed when growth-driven value creation is paired with a sufficient holding period. Second, measurement bias is corrected when institutional capabilities render brand investment partially legible within PE's accountability frameworks. Third, identity disruption is constrained when iconic brand strength and identity continuity act in tandem.

Brand identity concentration functions as an additional moderator. When concentration is high, meaning brand authenticity is tied to a single founder, product format, or key individual, the identity disruption channel is amplified. In such cases, preserving identity continuity and securing a brand-literate buyer become even more critical. When concentration is low, achieved through distributed authenticity such as professional community endorsement, the channel is suppressed, creating more margin for governance transitions without eroding consumer trust.

5.4.3 Key Outcomes of the SBG Configuration

The SBG configuration produces a distinctive set of brand equity outcomes that distinguish strengthening from erosion cases. Table 7 summarises these outcomes and their implications for the brand and the PE firm.

Table 7: SBG Outcomes: From Brand to PE Value

SBG Outcome	For the Brand	For the PE Firm
Pricing power preservation	Stable or expanding margins	Enables multiple expansion
Organic equity compounding	Lower customer acquisition costs	Higher EBITDA margins
Scaling without dilution	Larger addressable market	Higher growth expectations
Resilience to compression	No pre-exit brand damage	Buyer confidence at exit
Dual-audience alignment	Deep consumer loyalty	Acquirer pays premium multiple
Ultimate metric	**Pricing power**	**Exit EV/EBITDA multiple**
	(margin premium over category)	*(premium over comparable assets)*
	→ long-term brand health	→ higher fund returns

Each outcome is observable through specific measurable indicators. Pricing power appears in gross margin stability and price premium relative to category averages wuthout volume loss. The Hermès example illustrates the principle: limiting supply preserves pricing power and long-term brand health, whereas discounting would erode both.

Organic equity compounding is captured through the marketing efficiency ratio (revenue growth per marketing spend) and organic share of voice. Marshall receives millions in free Superbowl advertising because professional musicians genuinely use their products. Toteme spends relatively little on marketing because influencers choose to wear the brand without payment.

Scaling without dilution takes three forms. First, internationalisation requires maintaining a coherent core story while adapting execution across markets, as Helly Hansen's "one global story, but flex based on regions" illustrates. Second, category expansion requires moving beyond established product models while keeping brand meaning intact, as Pandora's warning "whenever we forget who we are and our values, there is nothing to bring us back", makes clear. Third, value-based scaling requires strategic discipline in saying no, as The Humble Co's emphasis on asking "why are we doing this, and is this correlating with our values?" demonstrates. This is captured through revenue growth from new geographies/categories while maintaining NPS and brand attribute scores. Also, customer retention rates in new markets should be comparable to home market.

Resilience to temporal compression is visible in marketing spend as a percentage of revenue trending stable or increasing as exit approaches, with no pre-exit spike in promotional activity. In IRR terms, this means a longer holding period does not penalise returns because EBITDA growth compensates for time decay. Dual-audience alignment can be tracked through correlations between NPS and exit multiples, as well as customer retention rates as key diligence metrics. As the Verdane Chair noted, a brand with genuine deep loyalty is simultaneously a better consumer asset and a more credible exit story.

5.4.4 The dual-audience problem in practice

The dual-audience problem was introduced in Section 2.6.3 as a downstream consequence of the three channels' simultaneous operation rather than a fourth independent channel. The empirical material confirms that this consequence is operationally significant and observable as exit approached.

The Partner at Verdane's account of beginning exit planning by determining who will buy the business in five years and working backwards to current investment decisions illustrates the dual-audience logic explicitly. The brand is simultaneously managed for consumer loyalty and curated for exit multiple positioning.

These objectives are not always aligned. Promotional intensity that maximises short-term consumer engagement may erode the pricing architecture that a sophisticated strategic buyer will value. Operational professionalisation that appeals to institutional exit buyers may generate the identity disruption that undermines consumer loyalty, a risk magnified when brand identity concentration is high.

Figure 10 illustrates this tension. When managed within the SBG configuration, however, the two objectives reinforce each other: a brand with genuine deep loyalty is both a better consumer asset and a more credible exit story. When the conditions are absent, the dual-audience problem produces the pre-exit compression pattern: the seller captures the value of short-term optimisation while the buyer inherits the brand equity cost.

The dual-audience problem is thus not merely a theoretical construct but a practical governance challenge that PE firms navigate in every exit process, with outcomes that differ systematically depending on whether the SBG configuration is in place.

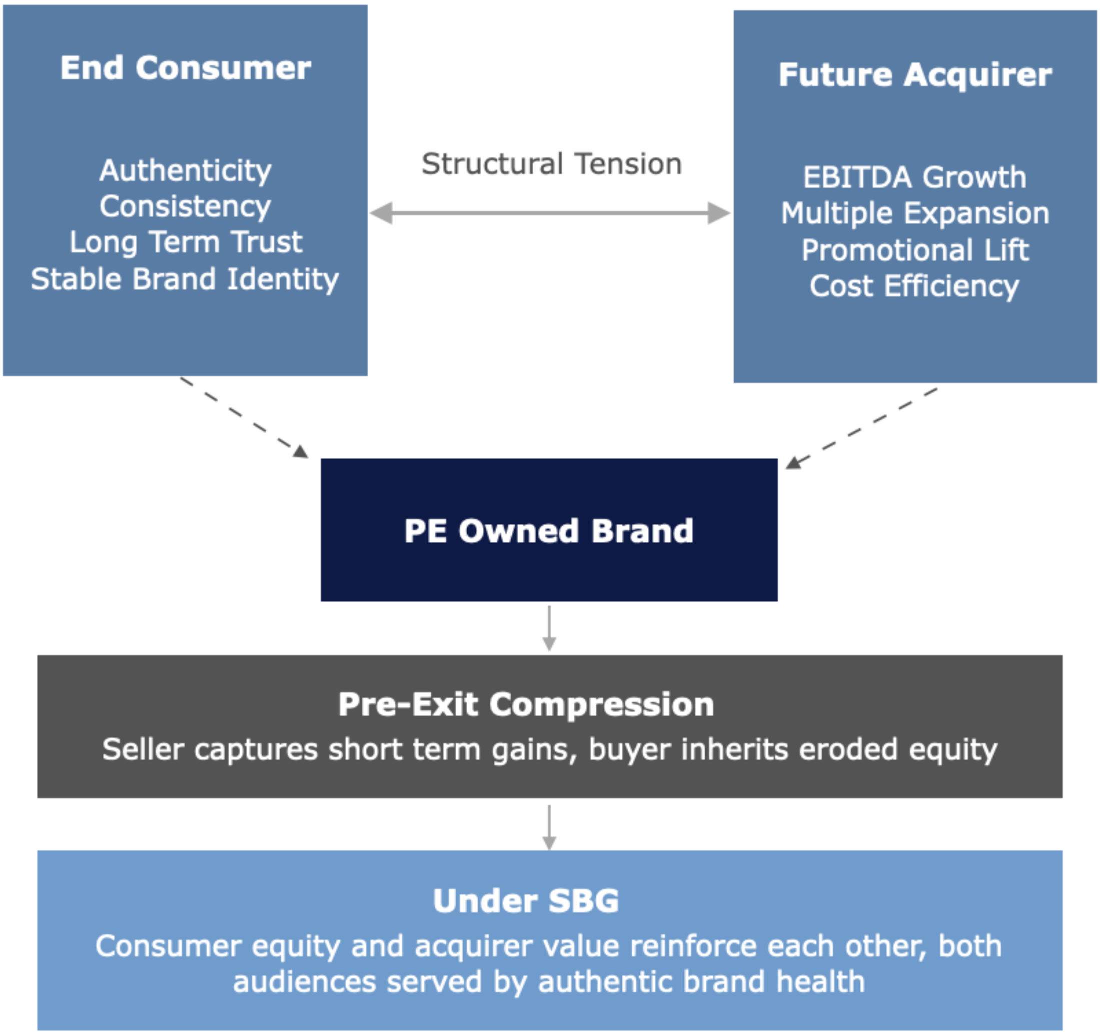

Figure 10: The dual-audience problem. PE-owned brands must simultaneously manage equity for end consumers (who demand authenticity, consistency, and pricing discipline) and future acquirers (who demand EBITDA growth, promotional lift, and cost efficiency). As exit approaches, these objectives pull in opposite directions, producing the pre-exit compression pattern. Under the SBG configuration, however, a brand with genuine deep loyalty becomes simultaneously a better consumer asset and a more credible exit story, resolving the tension rather than suppressing it.

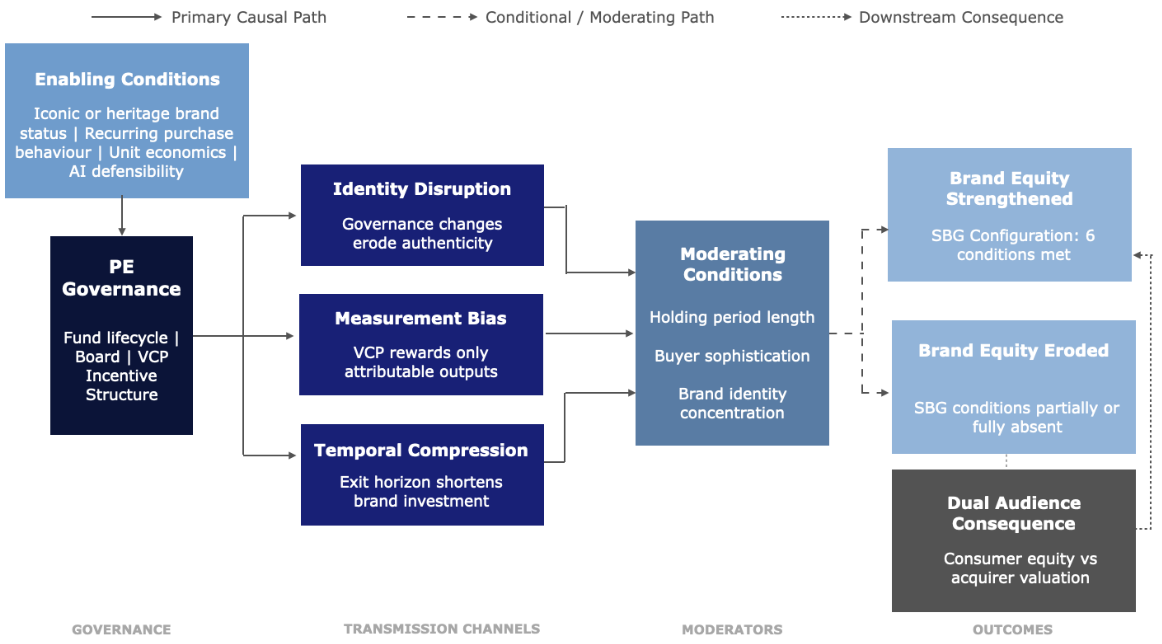

Figure 11: Enabling conditions pre-filter investable consumer brands. Governance actions activate three transmission channels, moderated by holding period length, buyer sophistication, and brand identity concentration. Strengthening requires the full Strategic Brand Governance (SBG) configuration (six conditions, see Section 5.4.3); partial or full absence produces no strengthening. All paths converge on the dual-audience consequence: managing brand equity for end consumers versus packaging it for acquirer valuation.

5.4.5 The reconstitution thesis

Taken together, the four research questions converge on what this study terms the *reconstitution thesis*: PE ownership does not simply preserve or destroy consumer brand equity but transforms the terms on which it is defined, measured and invested in. The translation of brand equity into financial proxies and exit multiple drivers is not neutral. It reconstitutes what brand equity means inside the organisation, reshaping how it is governed, reported, and delivered to the next owner.

The PE literature (Kaplan and Strömberg, 2009; Acharya et al., 2013) documents how financial governance reshapes operational performance. The brand management literature (Keller, 2013; Aaker, 1996) documents how brand equity is built and eroded. The reconstitution thesis bridges these streams by showing that the governance transformation is not merely operational but *ontological*: it changes what brand equity *is* within the organisation, from a perception-based intangible to a proxy-measurable, exit-multiple-driver.

When enabling conditions and moderating conditions are favourable and the SBG configuration is in place, this reconstitution produces a more institutionally robust and internationally extended brand worth more at exit than at entry. When they are unfavourable, it produces a brand with eroded pricing discipline, promotion-conditioned consumers and reduced associative depth, costs borne by the next owner while returns accrue to the seller.

6 CONCLUSION

This thesis set out to examine how private equity's exit-driven ownership model interacts with consumer brand equity, focusing on how PE firms assess consumer brand investments, how active ownership affects brand equity, what structural tensions arise between PE governance and long-term brand building, and under what conditions PE ownership strengthens rather than erodes consumer brand equity. The findings show that consumer brand equity is treated by private equity as a commercially important but structurally fragile asset: one that matters to value creation and exit outcomes, yet remains difficult to quantify directly and therefore is governed through proxies, performance indicators, and strategic narratives rather than standalone valuation. The study demonstrates that PE ownership does not simply preserve or destroy brand equity, but *reconstitutes* it through the combined effects of three transmission channels: temporal compression, measurement bias, and identity disruption. The five core findings presented below synthesise how these mechanisms operate and under what conditions they are more likely to strengthen or erode consumer brand equity.

6.1 Core Findings

6.1.1 Finding 1: Consumer brand equity cannot be independently quantified but enters the investment case through exit multiple pricing

Across all firms, brand equity is acknowledged as a source of competitive advantage and investment value but resists translation into a discrete monetary figure. The practical response is to capture brand quality in the exit multiple assumed at acquisition: PE firms work backwards from an estimated exit value to determine current entry price, with brand strength influencing the multiple applied rather than appearing as a separate line item. This finding suggests that academic frameworks for brand valuation, while theoretically rigorous, do not yet provide the financial operationalisation that PE decision-making requires.

6.1.2 Finding 2: PE firms invest in consumer brands only under a specific set of enabling conditions that partially offset structural volatility

The consumer sector's structural volatility, evidenced empirically through high return dispersion and documented post-exit failures, has caused most PE firms to reduce or eliminate consumer brand exposure. Firms that remain active do so through a screening logic built around iconic or heritage brand status, massive customer love, recurring purchase behaviour, favourable unit economics, and AI defensibility. These enabling conditions function as risk substitutes: they do not eliminate sector volatility but reduce the probability of below-1× outcomes that constitute the primary concern for LP return distribution stability.

6.1.3 Finding 3: Three structural transmission channels connect PE governance to brand equity outcomes

The analytical framework's three transmission channels receive empirical confirmation. *Temporal compression*, operating through the fund lifecycle's incentive architecture, systematically reduces brand investment as exit approaches and incentivises promotional substitution that degrades pricing discipline. *Measurement bias*, operating through the VCP accountability framework, institutionalises a preference for performance marketing over brand building by rewarding what is attributable within a quarterly reporting cycle. *Identity disruption*, operating through management transitions and strategic pivots, erodes the continuity authenticity on which consumer trust in established brands depends. All three channels operate simultaneously but with varying intensity depending on moderating conditions.

6.1.4 Finding 4: Three moderating conditions determine transmission channel severity

Holding period length, buyer sophistication, and **brand identity concentration** moderate the intensity of all three channels. Longer holding periods reduce temporal compression by expanding the set of brand investments that can generate a return within the fund's life. Buyer sophistication, specifically the capacity of the anticipated exit audience to independently price brand equity, is the most consequential moderator: it transforms the structural incentive from brand extraction to brand investment by making long-term brand health directly legible to exit valuation. **Brand identity concentration**: the degree to which a brand's perceived authenticity, continuity, and differentiation depend on a single, non-institutionalized source (founder, product format, or key individual), amplifies the identity disruption channel. High concentration makes brand equity fragile under governance transitions, while low concentration (achieved through distributed authenticity via professional communities, institutionalised heritage, or multi-product portfolios) suppresses the channel. PE firms mitigate high concentration through geographic diversification, structured founder-to-ambassador transitions, and anchoring credibility in professional communities rather than single individuals.

6.1.5 Finding 5: PE ownership reconstitutes rather than simply preserves or destroys consumer brand equity

The overarching finding is that PE ownership does not engage with brand equity on its own terms but translates it into a set of financial proxies and exit multiple drivers that are then managed through PE's standard governance mechanisms. This translation is not neutral: it reconstitutes what brand equity means within the organisation, how it is invested in, and what version of it is delivered to the next owner. When enabling conditions and moderating conditions are favourable and the Strategic Brand Governance (SBG) configuration is in place, requiring iconic brand strength at entry, identity continuity preserved through governance, institutional capabilities built around identity, a brand-literate exit buyer, sufficient holding period, and growth-driven value creation, this reconstitution produces a more institutionally robust, internationally extended brand worth more at exit than at entry. When these conditions are unfavourable, it produces a brand with eroded pricing discipline, promotion-conditioned consumers, and reduced associative depth, the costs that are borne by the next owner while returns accrue to the seller.

6.2 Limitations

This study has several limitations that should be considered when interpreting its findings. First, the empirical material is based on fourteen semi-structured interviews, with a greater number of respondents drawn from private equity than from the consumer brand side. This means that the study captures the ownership perspective in greater depth than the organisational experience of brand management inside portfolio companies. Although this was partly intentional given the thesis's focus on private equity governance, it also creates an imbalance in the material: some themes, particularly those related to investment screening, governance logic, and exit incentives, are likely to be more richly developed than themes relating to how brand teams experience those same dynamics in day-to-day practice.

Second, the company-side interview material is itself heterogeneous. While all consumer brand respondents worked in companies that had either been acquired previously or were in the process of being acquired, not all respondents had direct involvement in the acquisition itself or in the earliest stages of the ownership transition. As a result, the interview guides were adapted to respondents' roles and levels of involvement, with some interviews focusing more on transaction-related change and others more on brand identity, brand equity, and strategic brand management. This flexibility was appropriate for the interpretive design of the study, but it also means that the company-side data is not fully symmetrical across respondents. The findings should therefore not be read as equivalent first-hand accounts of the acquisition process in every company.

Third, the study is geographically delimited to a Nordic context. This provides contextual coherence and made it possible to access relevant respondents within a manageable empirical setting, but it also limits the scope of transferability. Nordic private equity firms and consumer brands operate within specific institutional, cultural, and market conditions that may differ from those in larger, more financialised, or less brand-sensitive markets. The findings should therefore be understood as analytically relevant beyond the Nordic region, but not automatically generalisable to private equity-brand interactions in other institutional settings.

Fourth, the study relies primarily on interview-based accounts of how private equity ownership influences consumer brand equity. This gives access to the perceptions, interpretations, and professional judgements of practitioners, which is appropriate given the interpretivist purpose of the thesis, but it also introduces limitations inherent to retrospective and role-dependent accounts. Respondents may emphasise certain explanations, understate others, or interpret events in ways shaped by hindsight, organisational loyalty, or their position within the ownership structure. In particular, PE respondents may frame governance decisions in terms of disciplined value creation, while company-side respondents may be more cautious in criticising current or former owners, employers, or strategic decisions with which they remain professionally associated. This creates a risk of self-presentation bias and reputational caution, especially in interviews touching on sensitive issues such as strategic conflict, underinvestment, or tensions between financial and brand priorities. These differences are analytically valuable, but they also mean that the material reflects situated interpretations rather than neutral observation.

Fifth, the study examines consumer brand equity through organisational and managerial perceptions rather than through direct measurement of consumer responses. This is consistent with the research design, since the thesis is concerned with how brand equity is understood, governed, and acted upon under private equity ownership. However, it also means that the analysis cannot demonstrate directly how consumers themselves responded to ownership change, management transition, repositioning, or shifts in marketing investment. The study therefore makes claims about the governance of perceived brand equity rather than about verified consumer-level effects.

Sixth, access shaped the sample. Interview respondents were selected partly on the basis of relevance and partly on the basis of availability, which is a common feature of qualitative research involving elite and expert interviews. This means that the study does not capture the full range of private equity or consumer brand experiences, and it is possible that firms or managers with particularly negative, failed, or conflictual experiences were less likely to participate. The sample should therefore be understood as purposive rather than representative. Its strength lies in analytical depth and variation, not in statistical coverage.

Seventh, the use of secondary material for contextualisation also involves limitations. Secondary sources were used to situate interviews in relation to ownership timelines, company developments, and broader market conditions, but they do not provide a complete or neutral record of the events discussed. Public material on private equity transactions is often selective, and company communications may present ownership transitions in strategically favourable terms. For this reason, secondary sources were used to support contextual understanding rather than to serve as independent proof of all substantive claims.

Eighth, the abductive and interpretive nature of the analysis means that the analytical framework was refined through dialogue between theory and empirical material. This is a strength of the study because it allows theory to be adjusted in light of practice, but it also means that the final interpretation is shaped by the researchers' own analytical judgement. Concepts such as temporal compression, measurement bias, identity disruption, and the reconstitution of brand equity are not mechanically derived from the data alone; they are interpretive constructions developed through iterative engagement with both the literature and the interview material. The findings should therefore be understood as a theoretically informed interpretation of how private equity governance interacts with consumer brand equity, rather than as a definitive or exhaustive account of the phenomenon.

A final delimitation concerns scope. The thesis does not examine private equity's role in building brands from scratch, nor does it attempt to assess all possible effects of PE ownership on firm performance more broadly. Instead, it focuses specifically on how existing consumer brand equity is governed under private equity ownership during the holding period and in relation to exit. The findings should therefore be understood as analytically informative rather than statistically generalisable, and as bounded by the specific phenomenon the thesis set out to examine.

7 CONTRIBUTION

This thesis makes four main contributions to the literature on private equity and brand management. First, it bridges two research streams that have rarely been integrated systematically: the private equity literature on value creation, governance, and exit logic, and the brand management literature on consumer-based brand equity, organisational identity, and authenticity. By bringing these fields together, the study shows that consumer brand equity should be understood not as a peripheral communication issue under PE ownership, but as a central asset whose value is shaped by governance structures, incentive systems, and exit expectations.

Second, the thesis contributes conceptually by developing a framework of three transmission channels through which PE governance acts on consumer brand equity: temporal compression, measurement bias, and identity disruption. This framework extends existing research by showing more precisely how PE's ownership model affects consumer brands over the holding period, and why brand outcomes vary even across firms operating under broadly similar financial logics. The identification of holding period length, buyer sophistication, and founder dependency as moderating conditions further strengthens this framework by specifying when these pressures intensify and when they can be mitigated.

Third, the thesis contributes theoretically through the argument that consumer brand equity under private equity is best understood as a reconstituted asset. Rather than treating brand equity as something that PE either preserves or extracts, the study shows that PE ownership transforms how brand equity is defined, measured, and managed inside the firm by translating it into financial proxies, KPI frameworks, and exit-oriented narratives. This interpretation adds a new perspective to both literatures, because it explains why PE firms may recognise brand value while simultaneously governing it in ways that alter its long-term foundations.

Fourth, the thesis contributes empirically and practically by providing interview-based evidence from Nordic mid-market PE firms and PE-owned consumer brands. This dual perspective makes it possible to capture both the investor-side logic of acquisition, governance, and exit, and the portfolio-company experience of managing brands under PE ownership. For practitioners, the findings suggest that consumer brand value cannot be managed effectively through financial controls alone; it also requires sustained attention to identity continuity, long-term brand investment, and the conditions under which future buyers are able to recognise and price brand quality at exit.

7.1 Future Research

Three directions for future research follow from this study's findings and limitations. First, longitudinal quantitative analysis of brand health metrics across PE holding periods would test the myopic management hypothesis empirically: do PE-owned consumer brands exhibit the progressive equity erosion predicted by (Mizik, 2010) that precedes financial deterioration? Second, investigation of the post-exit period, examining whether brand equity erosion attributable to the PE holding period is detectable in the financial performance of acquiring firms, would close the analytical loop on the dual-audience problem. Third, comparative analysis of different fund structures, contrasting standard buyout fund time horizons with longer-duration evergreen structures, would test Barton and Wiseman's (2014) prediction that structural short-termism is mitigated by longer holding periods.

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Appendix A: Interview Guides

A.1 Private Equity Interview Guide

The private equity interviews followed a semi-structured guide organised around four themes: brand valuation, risk, governance, and exit. Wording and follow-ups varied across firms (buyout vs growth equity) and respondent roles.

A.1.1 Core Questions

- How do you evaluate brand value when screening a consumer investment?
- What makes a consumer brand attractive or unattractive compared to other sectors?
- How do you think about volatility in consumer brand investments?
- How does board governance influence brand strategy during the holding period?
- How do you balance short-term financial performance with long-term brand building?
- How does the exit horizon affect marketing and brand investment decisions?

A.1.2 Adaptations by Firm Focus

- *Valuation proxies, trust scores, and measuring the unquantifiable*
- *Shift away from consumer, recurring revenue, staples vs discretionary*
- *Iconic brand status, internationalisation, brand equity as a shield*
- *Unit economics (GM2), marketing efficiency, hedonic vs utilitarian*
- *Founder dependency, distributed authenticity, structured transitions*
- *Price transparency, e-commerce disruption, why consumer goods fell out of favour*

A.1.3 Exit-Related Prompts

- How does buyer sophistication affect pre-exit brand investment?
- What role does brand equity play in multiple expansion at exit?

A.2 Consumer Brand Interview Guide

The consumer brand interviews followed a semi-structured guide built around a common set of questions on brand identity, brand equity, scaling, and ownership change. Wording and follow-ups varied across respondents to reflect differences in brand type, market context, and the interviewee's role.

A.2.1 Core Questions

- How would you describe the core of the brand today?
- What are the most important elements of the brand's identity?
- How do you think about maintaining the brand as it grows or changes?
- How do brand values and commercial priorities relate in practice?

A.2.2 Adaptations by Brand Focus

- *Meaning, innovation, and expanding without losing core identity*
- *Storytelling, performance credibility, and adapting the brand across markets*
- *Sustainability, trust, and how associations change over time*
- *Purpose, values, and the tension between growth and staying true to the brand*