HOW PRIVATE EQUITY FIRMS USE BRANDING TO DIFFERENTIATE THEMSELVES AND STRENGTHEN RELATIONSHIPS WITH PORTFOLIO COMPANIES?

A QUALITATIVE STUDY EXPLORING BRANDING AND RELATIONS IN THE PRIVATE EQUITY SECTOR

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How private equity firms use branding to differentiate themselves and strengthen relationships with portfolio companies?: A qualitative study exploring branding and relations in the private equity sector.

Abstract:

The private equity sector has, since its start, had the focus on the financial benefit of acquiring a firm and thereafter maximizing enterprise value for the acquired firm in the smallest amount of time possible, to then eventually exit the firm. This has evolved to a sector that's filled with the greed of exits and multiples. However, focusing on the branding perspective of a private equity firm, we'll see how these firms use it to their advantage to differentiate and strengthen the relationship with their portfolio companies, to create more value in the form of stronger relations. The study adopts a qualitative approach based on semi-structured interviews with five firms from the private equity sector operating in Sweden. A thematic analysis was used to examine the empirical data, which revealed four different themes. The analysis reveals that branding in private equity is more about a collaborative process embedded in ownership structures, operational behavior, and stakeholder communication. Private equity firms that adopt a stakeholder-centered, adaptive branding approach are better positioned to build strong reputations in increasingly competitive markets.

Key words:

Private equity, Branding, Portfolio companies, Stakeholders Differentiations among private equity firms, S-D logic, Developed trust between stakeholders.

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Table of Contents

1. Introduction *5*

1.1 Background *5*

1.2 Problem Formulation *7*

1.3 Purpose *8*

1.4 Expected Contribution *8*

1.5 Dispositions *8*

2. Literature Review and Theoretical Framework *9*

2.1 Literature Review *9*

2.1.1 Branding in Private Equity *9*

2.1.2 Differentiation and Brand Equity Among Competitive Investments *10*

2.1.3 Strengthening Portfolio Company Relations *10*

2.1.4 Synthesis and Research Gap *11*

2.2 Theoretical Framework *12*

3. Method *13*

3.1 Research Approach *13*

3.2 Primary Data Collection *14*

3.2.1 In-depth interviews with private equity employees *14*

3.2.2 Participant Sampling *17*

3.3 Data Analysis *18*

3.4 Quality of Research *18*

3.4.1 Validity *18*

3.4.2 Reliability *19*

3.5 Ethical Concerns *20*

4. Empirical Findings *21*

4.1 Establishing Trust and Credibility Through Branding *23*

4.1.1 Reducing Entrepreneurial Skepticism Through Transparency *23*

4.1.2 Initiating Trust Through Strong Brand Associations *24*

4.1.3 Leveraging Brands to Gain Trust Among Portfolio Companies *25*

4.2 Differentiation Through Active Involvement in Portfolio Companies *26*

4.2.1 Winning Deals by Promising Hands-On Involvement *26*

4.2.2 Providing Strategic and Operational Support to Portfolio Companies *27*

4.2.3 Building Brand Reputation Through Portfolio Company Engagement *28*

4.3 Strengthening Relationships Between Parties Through Branding *29*
4.3.1 Co-Creating Brand Value Through Shared Ownership *29*
4.3.2 Reinforcing Trust by Granting Operational Freedom to Portfolio Companies *30*
4.3.3 Prioritizing Long-Term Value Creation Over Quick Exits *31*
4.4 Adapting Branding in Unpredictable and Evolving Markets *31*
4.4.1 Maintaining Brand Alignment During Turbulent Markets *32*
4.4.2 Preparing Branding for Public Markets and IPO Requirements *33*
4.4.3 Managing Misalignment in Branding Between Parties *33*
4.5 Summary of Empirical Findings and Company Differences *34*
5 Discussion *37*
5.1 Aligning The Empirical Findings to The Theoretical Framework *37*
5.1.1 Aligning Trust and Credibility to The Theoretical Framework *37*
5.1.2 Differentiation Through Active Involvement to the Theoretical Framework *38*
5.1.3 Strengthening the Relationship Through Branding *39*
5.1.4 Adapting Brand to Unpredictable and Evolving Markets *40*
6 Conclusion *42*
6.1 Theoretical Contribution *43*
6.2 Practical Implications *44*
6.3 Limitations *44*
6.4 Suggested Future Research *45*
References *46*
Appendix *49*

1. Introduction

Branding in marketing is a crucial component of corporate strategy, playing a vital role in shaping perceptions, fostering trust, and driving engagement (Jo Hatch, M., & Schultz, M., 2003). A strong brand can convey credibility, expertise, and differentiation, providing firms with a competitive edge in attracting clients, partners, and stakeholders (Abimbola, T., 2001). In the context of private equity (PE), branding has become an increasingly vital strategic tool to attract more lucrative portfolio companies and higher-quality and more committed investors (Beuselinck, C., & Manigart, S., 2007). In the terms of branding, 91% of private equity professionals believe building a strong brand is essential for effective deal sourcing, fundraising, and recruiting (Drenski, 2019). Brand strength enhances visibility, investor trust, and increases the flow of deals during a specific period (So, K. K. F., Wu, L., Xiong, L., & King, C., 2018). Additional studies have emphasized the role of brand equity in B2B markets, where trust and reputation significantly influence purchasing decisions (Biedenbach, G., Hultén, P., & Tarnovskaya, V.,2019).

As the industry becomes more competitive, the branding aspect goes beyond traditional marketing functions and plays a crucial role in the strategic positioning of private equity firms (Abimbola, T., 2001). In financial services, including private equity, branding is no longer only about logos and reputation management. Instead, it focuses on building trust, communicating long-term value, and establishing a credible identity in a saturated and reputation-driven market (Ghodeswar, B. M., 2008). Private equity is a high-stakes, relationship-driven industry (Bernstein, S., Lerner, J., Sorensen, M., & Strömberg, P., 2017). A well-defined brand not only helps private equity firms attract high-quality investors and competitive portfolio companies but also strengthens long-term relationships with key individuals, including members of the boards of innovative and profitable firms (Drenski, 2019).

1.1 Background

The private equity sector has traditionally been viewed as focused solely on delivering value to fund investors, aiming to consistently achieve high returns through the acquisition and exit of companies (Fenn, G. W., Liang, N., & Prowse, S., 1997). Branding has long been considered a B2C concept but has now become a strategic tool for B2B and especially in private equity. (Ballantyne, D., & Aitken, R., 2007)

It plays a crucial role in differentiating firms, building investor confidence, and strengthening partnerships with portfolio companies, this is ultimately influencing financial performance (Harvard Business Review, 2021).

Unlike other asset managers that manage funds invested in publicly traded companies, private equity firms operate in a relationship-driven environment (Bacon, N., Wright, M., Scholes, L., & Meuleman, M., 2010). They engage with multiple stakeholders who serve different purposes within the fund's operations (Wood, G., & Wright, M., 2009). A strong and well-defined brand not only signals expertise, credibility, and long-term commitment, but more importantly, it communicates access to capital and trusted partnerships (Metrick, A., & Yasuda, A., 2010). When a firm has stronger access to both capital and relationships, private equity firms are better positioned to compete, which means significantly increasing their odds of success (Fenn, G. W., Liang, N., & Prowse, S., 1997).

Looking deeper into the business model of private equity firms, it becomes clear that they operate very differently from passive investors (Metrick, A., & Yasuda, A., 2010). Private equity firms take a hands-on approach in managing and restructuring their portfolio companies from the ground up, often implementing operational improvements, financial restructuring, and strategic transformations to drive profitability (Cendrowski, H., Petro, L. W., Martin, J. P., & Wadecki, A. A., 2012). The private equity sector is also highly active in maintaining close relationships with portfolio companies, especially when compared to other financial services (Manigart, S., & Wright, M., 2013). This makes the sector stand out from other asset classes that are more passively managed.

Looking at the financial sector more broadly in Sweden, it becomes evident that branding has long played a role in shaping trust and loyalty (Tarnovskaya, V., & Biedenbach, G., 2016). In the banking industry, institutions began leveraging emotional branding to develop deeper relationships with clients, which leads to helping to retain customers even when competitors offered similar financial products (Levy, S., & Hino, H, 2016). Branding includes multiple aspects such as corporate identity, messaging, and strategic communication (Dacin, P. A., & Brown, T. J., 2006), and a strong brand creates a unique perception in the minds of

Stakeholders, which leads to a competitive advantage in industries where trust and reputation are critical.

1.2 Problem Formulation

Branding in the financial sector has recently gained more attention, as the industry is often seen as overly focused on cash flow while neglecting the broader image and impact of firms (Froud, J., & Williams, K., 2007). Branding has been widely studied in consumer and corporate contexts, private equity has received relatively little attention in this area, apart from a few large firms where branding and public perception have been addressed to some extent (Gandhi, A., Song, Y., & Upadrashta, P., 2023).

Existing research on branding has primarily focused on industries with few stakeholders and publicly traded financial institutions. Looking at the private equity firms, then it differs significantly due to their relationship-driven nature and active ownership model (Ivashina, V., & Kovner, A., 2011). As a result, there is limited empirical research on how branding influences investor confidence, deal flow, and portfolio company engagement within the private equity sector.

As the popularity of starting a private equity firm has increased, this has led to competition within the industry has intensified. A need for differentiation beyond financial performance has been seen as profitable due to the large number of firms (Fenn, G. W., Liang, N., & Prowse, S., 1997). Investors and portfolio companies are no longer evaluating firms solely based on historical returns, but also on strategic positioning and long-term value creation. One of the challenges for private equity firms is to develop branding strategies that communicate their knowledge and their investment philosophy in a way that resonates with their portfolio companies (Krysta, P. M., & Kanbach, D. K., 2022).

This research aims to fill the gap by exploring the branding strategies employed by private equity firms and analyzing how these strategies impact their ability to build strong relationships with portfolio companies. By examining branding as a competitive advantage, this study contributes to a broader understanding of the role

branding plays in the private equity industry and provides insights for firms seeking to enhance their market presence.

1.3 Purpose

The purpose of this thesis is to explore how private equity firms use branding to differentiate themselves and strengthen the relationship with their portfolio companies. Specifically, this thesis will analyze how private equity firms are developing their relationship to branding and how they are striving to be seen in the private equity field. Therefore, the research questions to be investigated are the following:

How do private equity firms work with branding to improve their relationship with portfolio companies?

How does brand identity influence trust and commitment in private equity portfolio relationships?

1.4 Expected Contribution

This thesis aims to contribute valuable insights to future research by adding to the existing literature on private equity, particularly by bridging the gap in how branding is understood and applied in this sector. The thesis highlights how some private equity firms build stronger relationships with their portfolio companies than others. Furthermore, the findings will offer practical guidance not only to private equity firms but also to acquired companies seeking to better understand their investors and foster stronger partnerships. Finally, private equity firms may also draw on this thesis to adapt similar branding strategies when engaging with investors, although some adjustments may be necessary for that context.

1.5 Dispositions

To answer the research questions, this study will be based on the following disposition: first, the theoretical framework within the problem area will be presented, followed by a description of the methodology used in the thesis. Thereafter, the empirical findings are presented, followed by an analysis. Finally, a discussion connecting to the research questions, then concluding the findings.

2. Literature Review and Theoretical Framework

2.1 Literature Review

To gain insight into how private equity firms build stronger relationships with their portfolio companies, this section begins with a review of the existing literature in the fields of corporate branding and corporate relationships. The first part of chapter 2 examines the role of branding and brand equity in both corporate and financial contexts, laying the foundation for how trust and reputation are developed within the private equity sector. The following section explores literature on differentiation strategies and competitive positioning, particularly in relation to investment settings and how branding can serve as a competitive advantage. Lastly, literature on private equity's use of relationships and brand equity is reviewed to deepen the understanding of how these factors interact in practice. The chapter concludes with a literature synthesis and a presentation of the research gap that this thesis aims to address.

2.1.1 Branding in Private Equity

A theoretical view arises from a consumer-oriented industry, branding has now evolved to become more of a tool that permeates at its entirety in the financial world, especially regarding large transactions as in such of in private equity (Leeds, R., & Sunderland, J., 2003). Roper and Davies (2007) emphasize that corporate brands play a central role in managing relationships with multiple stakeholders, thus including employees, partners and investors. The connection to private equity shows how a firm needs to not only resonate with limited partners but also have a deeper incentive for the portfolio company. That "*a corporate brand having different aspects that satisfy different stakeholders, thus the corporate brand has to be managed with sensitivity towards these differences*." (Roper, S., & Davies, G., 2007). Their findings also indicate that misalignment in brand perception across stakeholder groups can weaken trust and performance, a risk especially relevant to private equity's relationship-driven model (Roper, S., & Davies, G., 2007).

Moreover, going deeper into the service dominant logic perspective. The theoretical paper discussed how the branding has gone from only a goods dominant relation to a stakeholder relation incorporating all the relevant stakeholders and basing it on communities and social proof for a service or a good (Merz, M. A., He, Y., & Vargo, S. L., 2009).

2.1.2 Differentiation and Brand Equity Among Competitive Investments

When a larger amount of private equity firms emerge, it becomes increasingly important regarding differentiation and the brand equity among competitors (Cressy, R., Munari, F., & Malipiero, A., 2007). Both for larger firms to keep their reputation but also smaller firms to thrive in more niched sectors (Cressy, R., Munari, F., & Malipiero, A., 2007) . Private equity firms seek to build and signal competitive advantages through brand equity, to therefore build trust among both investors and investments (Cressy, R., Munari, F., & Malipiero, A., 2007). Which inevitably leads to a greater value creation for all the involved partners. Raggio and Leone provided a compelling framework to distinguish between brand equity and brand value, the concept of appropriable value, thus emphasizing the additional value a firm could unlock if its brand equity were fully leveraged (Raggio, R. D., & Leone, R. P., 2009). In a more specific private equity context, the authors presented that "*There are companies that recognize and capitalize on the concept of appropriable value. Private equity firms like KKR represent the 'visionaries' that attempt to identify brands (or companies) that have a large gap between current value and appropriable value*." (Raggio, R. D., & Leone, R. P., 2007). This shows the importance of identifying the appropriable value to then seek a greater asset in the value of the brand. Additionally, Raggio and Leone mentioned that brand value must be considered from a firm's perspective, and that there may exist a higher appropriate value that the firm could capture if it were better able to more effectively leverage existing brand equity (Raggio, R. D., & Leone, R. P., 2007).

2.1.3 Strengthening Portfolio Company Relations

To make sure that both the private equity company and the portfolio company is always coordinated, both strong with communication and KPI:s. There is an important aspect of strategic alignment in the portfolio relations with the private equity company (Hoskisson, R. E., Shi, W., Yi, X., & Jin, J., 2013). Roper and Davis mentioned that *"Shared values between stakeholders will help to unify and strengthen the corporate brand."* (Roper, S., & Davies, G., 2007). The idea supports that brand values can serve as a framework for alignment, building trust between private equity firms and portfolio management teams (Roper, S., & Davies, G., 2007). This also shows that "*If stakeholders values and behavior are aligned, the causes of satisfaction should be the*

same." (Roper, S., & Davies, G., 2007). This shows that alignment in strategic thinking for both the private equity firm and the portfolio company, is crucial to developing greater relations and a stronger collaborative advancement (Roper, S., & Davies, G., 2007).

2.1.4 Synthesis and Research Gap

The reviewed literature shows that branding is becoming more crucial for private equity firms to have a close connection and cooperation with the portfolio companies and investors (Roper, S., & Davies, G., 2007). To use branding as a relational mechanism, shaping how private equity firms are perceived and how the firms take action to give them competitive advantages. In section 2.1.1, branding showed companies that the connection needs to resonate with stakeholders and how a firm needs to not only resonate with limited partners but also have a deeper incentive for the portfolio company (Roper, S., & Davies, G., 2007).

In the section 2.1.2, the literature showed that brand equity plays a decisive role in regards to the differentiation of the firm, especially among the financial strategies for the private equity firm (Cressy, R., Munari, F., & Malipiero, A., 2007). Thus the strategies become more homogeneous. The cooperate branding can help the firm stand out not only to investors but also to founders and executives to aim for attractive strategic target for the initial private equity firm (Fenn, G. W., Liang, N., & Prowse, S., 1997). Different approaches, such as the appropriate brand value and strategic brand fit showed that it was a value that increased the performance of the branding instead of being a perception tool (Tiwari, M. K., 2010).

In the section 2.1.3 it showed that branding also can build strategic alignment and further down the line trust among all the stakeholders (Roper, S., & Davies, G., 2007). Since the sector is very dependent on trust and usable information, due to high risk taking. Existing research tends to focus on branding in customer-oriented sectors, or investors views and perceptions on the fundraising for a potential company (Ordanini, A., Miceli, L., Pizzetti, M., & Parasuraman, A., 2011). However, the literature is very limited on how private equity can elevate the branding as actively using it to continuously improve the relation with portfolio companies.

This research aims to fill the gap by exploring the branding strategies employed by private equity firms and analyzing how these strategies impact their ability to foster strong relationships with portfolio companies. By examining branding as a competitive advantage, this study will contribute to a broader understanding of the role that branding plays in the private equity industry. Additionally, the thesis will also provide insights into how firms will enhance their market presence.

2.2 Theoretical Framework

Considering the main purpose of this thesis is to see how private equity firms can use branding to build branding to differentiate themselves and strengthen relationships with portfolio companies. The thesis draws upon theoretical perspectives from corporate branding, brand equity and looking at the relationship improvement within the corporate boundaries. Corporate branding is considered as a multi-stakeholder strategy thus highlighting the role in aligning values and expectations between firms and its stakeholders (Merz, M. A., He, Y., & Vargo, S. L., 2009). The first theoretical framework the service-dominant logic (S-D logic) of marketing provides a relational lens, thus viewing brand value as co-created between the firm and its acquired firms (Merz, M. A., He, Y., & Vargo, S. L., 2009).

Multi-stakeholder strategy (S-D logic)

From the theoretical paper by Michael A. Merz, Yi He and Stephen L. Vargo. Where the focus was on the evolving brand logic, having a service dominant logic perspective. This framework indicates a paradigm shift regarding the view of brands as static identifiers towards seeing brands as dynamic platforms for co-creating value, with multiple stakeholders (Merz, M. A., He, Y., & Vargo, S. L., 2009). From the paper, its mentioned that the brand logic is constantly evolving, now from G-D logic to S-D logic (Merz, M. A., He, Y., & Vargo, S. L., 2009). This can be seen in Appendix E.

In the early 1900s, the current literature viewed brands as identifiers (Merz, M. A., He, Y., & Vargo, S. L., 2009). As brands were only identified through goods at the time being (Merz, M. A., He, Y., & Vargo, S. L., 2009). It then, was slowly coming into a more S-D logic as the first step was to see the brand as a value. In the 1930s that changed, brands became more a functional or a symbolic image, as it led to a

more competitive environment for the brands (Merz, M. A., He, Y., & Vargo, S. L., 2009). The customers during large parts of the 1900s became passive in the brand value creation process. It wasn't until in the 1990s that the view on brands changed, it shifted to a relationship-focused brand (Merz, M. A., He, Y., & Vargo, S. L., 2009). The relationship-focused brand era highlighted that brands have personality that makes customers form dyadic relationships with them. Thus, brand scholars acknowledged that the brand value co-creation process is relational and thus requires a process orientation. It became clear that customers and stakeholders were dependent on trust that connected back to the relationship that they had to the brand, and when a brand created promises, it was important that they were kept, to keep the brand reasonable and relevant.

The last and most important shift for this thesis was the brand logic dominant view shift, brands became dynamic and social processes. All the stakeholders are now relevant for the brand, as brands form communities and social proof. From the theoretical paper by Michael A. Merz, Yi He and Stephen L. Vargo (2009), it highlighted that the brand value co-creation process is a continuous, social, and highly dynamic and interactive process between the firm, the brand, and all stakeholders.

3. Method

3.1 Research Approach

The purpose of this thesis is best served by an interpretivist, abductive and qualitative methodological approach. Hence, implementing the following research approach will allow for a qualitative examination of the research question and thus provide a deeper understanding of branding to differentiate themselves and strengthen relationships with portfolio companies and investors.

The interpretivist approach is described by Bell et al. (2022) as focusing on understanding human behavior. Thus, the author believes that the interpretative approach aligns with the aim of this research: to gain a deeper understanding of how private equity uses branding to their advantage, with regard to their differentiation and relationships with stakeholders. The interpretivist approach was used while addressing the research question in this thesis, which also made it possible to capture the

perspective of different niche firms in private equity among some more generally known firms.

Qualitative methods are suitable and recommended by Bell et al. (2022) when conducting research that investigates how a phenomenon works, and what changes within a sector a phenomenon could result in. Thus, instead of yielding a general truth, the qualitative approach provides observations that are subjective in nature and are meant to capture the interviewee's own views, during the interview.

The abductive approach is a combination of the inductive and deductive approaches, which enables the research process to start with both the theoretical rules and the empirical context (Bell et al., 2022). The abductive approach also enabled the author of this thesis to continuously, during the whole research process, explore the empirical context while simultaneously adapting the interview guide (i.e. interview questions) and the theoretical framework (Bell et al., 2022). The abductive approach also includes that the author has the ability to evaluate existing theory and compare it to the emerging empirical findings of this thesis and thus potentially build on previous theoretical frameworks.

3.2 Primary Data Collection

3.2.1 In-depth interviews with private equity employees

The primary data collection was conducted through eight interviews with individuals in the private equity space. All interviews were done online through either longer phone calls or video calls and the interviewees held positions from investment directors to interns, to get a broader view of the firms. They were five different companies that were interviewed, in this data collection with two of them conducting multiple interviews to get a better sense of the larger firms. The possibility for conducting interviews via Teams was a great way to quickly get hold of the employees and easier to get in touch at take the time to discuss the topic. The author used semi-structured interviews as the data source in this thesis and this choice was made considering the research aim of gathering an in-depth understanding of a broad and complex view of the operations of private equity firms. Therefore, semi-constructed interviews were a better approach and were found to be more appropriate than unstructured interviews.

All eight interviews were conducted in March and April 2025, and lasted between approximately 35-50 minutes each. In the appendix its presented with all the participants and the respective firm, also in what kind of sector or at what scale they are operating the private equity firm, (Appendix A first table).

Interview guide

In semi-structure interviews, researchers use a semi- structured interview guide with their previously established questions for all interviews. Therefore, getting a way of how the interviews are going to take place and which questions that could lead to the most valuable answers. This means that researchers can go into depth on specific topics but additionally explore other topics that the interviewee will bring up, which they think are valuable for the topic. If there is a pattern in what the interviewees bring up, then that specific subject or topic is valuable for the thesis. The interview guide offers a framework to follow, but also allows the researchers to ask multiple additional questions regarding the topic that could be suitable for the interview, which is to ensure both quality and depth of the interviews. The author of this thesis did not use any specific frameworks for the foundation of the question but based most of the questions on relevant data done by previous research on the topic.

The interview guide was arranged into three different parts. Firstly, there were open questions regarding their branding, to both get the interview into the thinking of the branding aspects of the firm but also to start the interview as general as possible to then narrow it down as seamlessly as possible. Some questions that were brought up in the first part was questions such as "*What does branding mean to your company, X?"* and *"When a potential investor or potential company hear about your firm, what do you think stands out in the forms of branding?"* (Appendix E for interview guide). These questions were meant to be both valuable for both partners but also a way to get into the right mindset of the interviewee. Later in the same part were also questions like, "*Do you believe that branding plays a role in winning competitive investment deals, please describe how?"* (Appendix E for interview guide) and then there were questions that were meant to spark new conversations or aspects that covered the relation aspects of the firms branding, such as question like "*Does your firm invest in any brand building activities such as increased thought leadership, invest in PR or have any digital presence?"* (Appendix E for interview guide). This section was

mainly to understand how they used branding in the private equity sector no matter if they were a larger firm in the space or a smaller one.

The second part of the interview guide was about the differentiation of the firm, to get an understanding of how the firm used their branding to differentiate themselves. It developed an understanding for interviews to have a focus on how they could leverage the branding to their niche or as their unique selling point for the firm. The question that was asked in this section was an opening question for the differentiation such as *"What are you trying to do to differentiate yourself from other investments?"* (Appendix E for interview guide). Then to focus on the deeper questions there was a discussion on how the firms accomplished that and if there were any specific in the team that was specifically good at that thing. To then get an understanding of what an employee did to accomplish the differentiation. An interesting understanding of the differentiation aspects during the interview was how the differentiation has evolved to the environment of private equity, since the sector is dependent of debt, there is cycles in the sector. The interview guide continued with discussion of how the private equity firm is communicating their differentiation to their companies, to get a better understanding of the relation between the private equity firm and the portfolio company. To further get an understanding of the differentiation of the private equity firm, questions from a third person perspective was asked, *"How do the smaller or larger firms see your firm? Are you seeing any firm that is doing exceptionally well and want to implement any of their ways of operation?"* (Appendix E for interview guide). This question focused on the how the firm could see its competition in the private equity field and improve their process by learning from a better firm in the field.

The third part of the interview guide was focused on how they strengthened their relations with investors and portfolio companies. The purpose of this part of the interview guide was to understand their relation to their portfolio companies. How they improved and developed their relationship with the company, and also how they continuously learned about the sector as the portfolio company grew and the sector evolved. Questions that were asked during the interview to get a better sense of the relation between the private equity firm and the portfolio company were questions like *"How do you maintain a strong relationship with the portfolio companies and*

investors?" (Appendix E for interview guide) with follow up questions like, "What non-financial factors contribute most to the investors retention?" but also more general and more conversation starting follow up questions like *"How do you accomplish X to achieve Y?" (*Appendix E for interview guide). This was to get a broader sense of the private equity relationship with the portfolio companies to not only focus on the exit strategy but also to grow the brand into a company that can be sustainable. The end of the interview, the interviewees were asked if there was anything that was forgotten to discuss about and in that case the interview continued freely without any questions, instead to explore their relation to the branding aspect of the firm.

Interview process

All interviews were held in Swedish, since it was the preferred language of all interviewees, and were thereafter recorded and transcribed to which all the interviewees had consented. The purpose of the transcription was to analyze data as well as aid to researcher's memory and key takeaways from the interview were noted and summarized after each interview, to gather important information about what had been discussed as an outline for the entire interview. The key takeaways were also gathered due to facilitate the categorization procedure in the thematic analysis. During the interview all the interviewees consented on being recorded and kept anonymously, some interviewees wanted the company to be anonymous, but the analysis of the data was accepted by the firm. In the beginning of the interview all the interviewees got an explanation of the reason behind the thesis and giving each the context before the interview.

3.2.2 Participant Sampling

To address the research question for this thesis, purposive sampling was used. The sampling was done both at the ability of the author but also the relevance for the thesis. Every interviewer needed to be relevant for the subject meaning that they needed to have both knowledge about the private equity space and the ability to get into acquisitions of portfolio companies. In lack of interviewees there needed to be interviews with interviewees that had expert knowledge on the sector and knew how the companies operated regarding branding. To gather a multi-faceted perspective the participants were choosing considering different levels of the firm, this enabled the author to get a broader view of the firms and how they operated with branding and

relations on different levels of the firms.

By gathering data and viewpoints form different levels of employees in the different private equity firms, the reliability of the data collection was ensured. Since the thesis was aimed towards the private equity sector in Sweden, different employees in private equity companies operating in Sweden were contracted. However, the companies weren't all Swedish but had offices in Sweden and had a large impact on the private equity sector in Sweden. All companies were based or had their founding offices in Europe. The sampling of participants was done through networking and connected individuals such as on LinkedIn.

3.3 Data Analysis

The data was analyzed using a thematic analysis approach. The thematic analysis identifies patterns or meanings, i.e themes, since the thematic analysis identifies the data connected to the research focus (Braun & Clarke, 2006). Themes build on codes that are identified within the transcript of the interviews (Braun & Clarke, 2006). The themes facilitate researchers understanding of their collected data, and enable a theoretical contribution related to the research focus (Braun & Clarke, 2006). All eight interviews were recorded and transcribed for the purpose of this thematic analysis. It was then inspected and identified for different themes that occurred in the different interviews to find similarities and differences that were relevant to the thesis. By following the thematic analysis process, it was determined different that themes emerged across the different interviews to then analyze the collected similarities among the different accomplished interviews. By following this thematic analysis, confirmation biases were avoided (Braun & Clarke, 2006).

3.4 Quality of Research

3.4.1 Validity

When examining the validity of the research that has been done, it can be examined by both external and internal validation. External validation is achieved when the findings are generally applicable, across various contexts, and are not restricted to the specific context of the study (Bell et al., 2022). Since the sample size is often limited

and the scope is rather specific to a particular context, it can be difficult to obtain external validity when using research methods such as the qualitative research method. This current thesis is therefore delimited to a certain sector and specific actors within that industry. This makes it difficult to generalize the findings to other types of sectors or actors with different views on both private equity and the perspective of branding that combines relations with stakeholders.

The use of semi-structured interview guides and the decision to hold all the interviews with private equity employees during work hours meant that the ecological validation was achieved (Bell et al., 2022). However, the difficult part to validate was that during the interviews a lot of the investment directors for either funds or companies was out of office, thus having a hard time finding a time for an interview. This resulted in the validity of the expertise may have been lower, thus it was solved by taking the next best individual in the firm that could confidently speak regarding their specific portfolio companies (Bell et al., 2022).

Furthermore, the internal validity by using the thematic analysis was achieved by having the interviews semi-structured. It's defined as the compatibility between the emerged theoretical ideas and the collected data. The theoretical ideas, that were gathered for this thesis can be connected to the ecological validity which can improve the internal validity since the interview was conducted in a space and by individuals that were used to private equity and the space, since they work in the industry (Bell et al., 2022).

3.4.2 Reliability

The reliability of the thesis has similar aspects to the validity of the thesis, thus meaning that reliability has both internal and external considerations (Bell et al., 2022). The internal reliability for this thesis is regard to the degree to which there is agreement between the researchers regarding the perception of the data. In studies where several observers are conducting the study there can be challenging to achieve internal reliability (Bell et al., 2022). But since there is only one author for this thesis, who initiated and participated in every interview, the internal reliability is high since the author achieved a high and constant view of the reliability of the data that emerged. Regarding the personal biases during the process with thematic analysis the

aim was to remove all personal biases, to get a clear and viable view of the findings in the empirical segment (Bell et al., 2022).

The external reliability of the data gathered was assessed with regard to consistency and stability (Bell et al., 2022). Both factors are important when assessing the reliability of the thesis across similar theses with the same topics. With regards to achieving external reliability, it can be difficult, but since the interview guide is explained in the thesis, while also combining that with the describing the research process, including the research methods, future research. This will lead to a more transparently replicate and a more comprehendible thesis for future research, this will thereby improve the external reliability of the thesis overall (Bell et al., 2022).

3.5 Ethical Concerns

The ethical considerations for this thesis, were presented in the beginning of each interview. The personal data would be managed and disclosed. Before the interview consent regarding participating as an interview for this thesis was confirmed as well as the confirmation of every participant in accordance with GDPR, to ensure that all the interviewees were sure of the purpose of the thesis and how the data regarding the interviews were going to be handled. To maintain the integrity of the interview all participants remained anonymous, and no irrelevant data was collected during the interviews with the participants. The purpose of the anonymization was also to increase the likeliness of getting both participants but also honest answers from each and everyone in the private equity sector. This led to more honest answers, which may or may not have been said if the interviews were conducted with both names and companies. The interviews were transcribed and voice-recorded, to which the interviewees had given their consent before the interview started. Lastly, no personal data is revealed in this thesis, in order to protect the each and every personal information and privacy and to comply with the regulations of GDPR.

4. Empirical Findings

The empirical findings of this study are based on interviews with five different companies in the private equity space and conducted through eight interviews. Each company has either a specified niche that the company invests in, or the firm operates in a such a large extent that the company has the financial support to invest in numerous niches. Some private equity companies are backed by large Swedish banks, while others are dependent on diverse investors. The empirical findings were made from a thematic approach identifying four different themes, but before discussing the findings in the themes, the focus lies on discussing each company from both its differences and the landscape in which the private equity firm is operating in, providing a foundation for understanding how branding is used differently across the firms and enhances the reader's interpretation of the findings.

The private equity sector is highly diverse, and no single firm operates across every industry. Instead, most firms focus on specific niches. This results in the landscape looking very different between the firms, depending on their sector specialization and investment strategy. As a result of this, their branding is different due to the sectors and the size. As seen in Appendix B, the sizes and to what degree a private equity firm is niched compared to the others in this thesis are displayed. Further, below it, is a graph displaying the extent to which each firm emphasizes branding and strategic differentiation, which can be seen in Appendix C.

The sectors represented in this study included entrepreneurship, ESG, industrial, recycling, and healthcare. The only outlier, with no similar connection, was company 2, which mainly invested in high-volatility crypto firms, thus also acquiring firms at a fast pace. This can be seen in Appendix B for the map of the differentiations of the firms, where it's located by size and niche.

The first company operates primarily across Europe and has offices in Sweden. Currently, the firm is focused on branding, with the main focus on trust and constantly acquiring firms in the ESG and health care sectors. The firm dates back to 1872 with over 27 billion euros in assets under management. In the Swedish market, they have very little branding focus and low strategic differentiation in comparison to the other firms. The acquisitions that have been made in the Swedish market have been few.

The second company focuses on trading in crypto markets and acquiring smaller firms in the trading sector. It was founded in 2017 and is based in Sweden, the firm was established to leverage the volatility of the cryptocurrency markets worldwide. Initially, the firm was built upon the expertise of its founder but is now used to acquire similar companies from its trading profits. The firm has a high strategic differentiation but a lower focus on branding.

The third company started off as an M&A firm but has now transitioned into private equity in terms of acquiring healthcare firms. The firm is in its current state small, only focusing on a smaller niche in the healthcare industry in Sweden. The transition to private equity was done in 2015.

The fourth company is a large firm, based on a Swedish bank, thus having a lot of resources in order to acquire companies. This means that the firm has expertise in a lot of niches and has the possibility to acquire firms at a rapid pace.

The fifth company is focused on longevity with its acquired firms. Although relatively small in size, it is backed by one of Sweden's major low-cost retail chains. One of its core goals was to create as much value in the company as possible. This often results in very few exits for the private equity firm.

The empirical findings of this thesis can be organized into four different themes. The first theme, building trust and credibility through branding, is how the private equity firms use their branding to reduce skepticism, build trust, and clarify independence. Second theme, differentiation through active involvement, how the private equity firm differentiated itself through its involvement with its portfolio companies. The third theme, strengthening relationships through shared ownership, is how the private equity firm managed the ownership relationship with the owner of the portfolio company. Finally, the fourth, adapting branding to market expansion of the private equity firm. Each theme is supported by quotes from each specific interview and thus provides a deeper understanding of each of the themes and the initial topic of the thesis.

4.1 Establishing Trust and Credibility Through Branding

4.1.1 Reducing Entrepreneurial Skepticism Through Transparency

Participants during the interviews highlighted that branding played a crucial role in shaping how private equity firms are perceived by both entrepreneurs and founders, particularly those unfamiliar with institutional investors. Private equity firms recognized that the common concern among founders regarding the potential loss of control and profits for the firm. As a result, branding for the private equity firm is specifically used as a tool to address and potentially lower the fear of the previous owner. To convey trust and reduce skepticism, private equity firms aim to maintain professional standards in the form of financial transparency for the portfolio company. This can be seen from this citation from companies 2, 4, and 5.

"That's why marketing is so important [...] Often, we build a relationship with the founders over time. Then the brand becomes the most important part of it."

-Participant 5, Company 4

"We try to build our image on being legit. We have a good balance sheet [...] and are not funded. But then branding becomes a way to show that it's not something crazy sketchy."

-Participant 3, Company 2

"Our business model is based on us being able to attract companies [...] that want to sell the majority to us and not someone else. And that's where branding is super important."

-Participant 1, Company 5

As seen in the responses from company 2 and company 4, branding is used to signal legitimacy and predictability. Focus on eliminating associations with instability, non-transparency or unethical practices, to maintain trust with both parties. This is especially important when establishing relationships with the founders, where the actions from historical investments in the private equity firm, contribute to the current credibility, which leads to trust being built up among the portfolio companies. Larger

firms tend to be met with less skepticism, as their recognition of the brand and their transaction history creates a level of trust among the founders of the acquired company. For the smaller firms the branding is more critical in reducing the mental barrier to make founders less suspicious of for example smaller private equity firms with less transaction history.

4.1.2 Initiating Trust Through Strong Brand Associations

Using strong associations to build trust is a great way for larger private equity firms to get closer to the potential acquired firm. From the data, it appears that private equity firms actively leverage strong external associations to build initial trust with entrepreneurs and potential portfolio companies. Instead of relying on its own brand name, the firm uses reputational spillover to gain trust if the firm is associated with a larger firm. This could either be from a network effect or financial banks that have private equity firms, which leads to both credibility and stability at the first point of contact with a potential acquirer.

"Many people think that just because you have our brand [...] that they have to have their accounts with us or that the acquisition financing should go through our bank [...] that doesn't really work, but we act very independently."

-Participant 5, Company 4

This citation from participant 5, company 4 shows that institutional association can create opportunity and create initial trust, private equity still emphasizes their independence in deal structuring. This is resulting in a better possibility and gives the buyer a larger incentive to feel empowered for the future of the portfolio company, possibility for more collaboration is therefore created.

"Often, we build a relationship with the founders over time. Then the brand becomes the most important part of it."

-Participant 5, Company 4

By associating themselves with trusted institutions, private equity firms borrow trust, leading to that the barrier of skepticism lowers and the potential of relationship building increases. The association will make it easier for the private equity firms to build a lasting

relationship with the seller, since the seller often makes highly personal and emotional decisions when exiting a company. The rational arguments regarding financials are important, but only to a specific degree, and insufficient without an underlying sense of trust and safety, by leveraging external associations that give the private equity firm an advantage in terms of relationship building.

4.1.3 Leveraging Brands to Gain Trust Among Portfolio Companies

Leveraging a known brand has been shown to be a positive factor in acquiring the initial trust for a potential firm. However, the data reveals that the portfolio company sometimes misunderstands the nature of the relationship between the private equity firm and the portfolio company. Entrepreneurs may assume that a firm's operations are tightly controlled by the larger institution or that collaboration will come with hidden requirements. As a result, private equity firms must actively clarify their independence to maintain credibility and avoid unnecessary skepticism. Private equity firms must declare that even if they benefit from strong brand associations, this does not indicate that their activities are aligned with the governance and decision-making of the bank or larger financial institution. This means that the private equity firm must manage the expectations from the developed trust that the association contributed to.

"Whereas our bank as a very family-friendly bank and entrepreneur-driven with the whole family sphere and, is very advantageous when you talk about entrepreneurs."
-Participant 5, Company 4

"We are part of a large bank, but we operate independently from the bank. It becomes just like any other firm, but we have more resources to draw upon."
-Participant 5, Company 4

The citations show that the firm is displaying potential resources that can be more easily accessible than other private equity firms due to their size and network. But it should not always be accounted for, as for entrepreneurs, since they indicate that they operate independently from the bank but have the ability to leverage resources.

4.2 Differentiation Through Active Involvement in Portfolio Companies

4.2.1 Winning Deals by Promising Hands-On Involvement

A pattern that emerged from the data was how private equity firms differentiate themselves in competitive deal processes by emphasizing their commitment to active operational involvement. Rather than only offering the highest price, private equity firms actively market their ability to support the portfolio company both operationally and strategically after the acquisition of the firm. This means that the promise of a hands-on partnership between the private equity firm and the portfolio company often becomes a deciding factor when the acquiring a company to a private equity firm.

"It is not always that we win a company because we pay the highest price. Often it is because we have a model that the owners or sellers like better." "We become more of an operational partner in the companies."

-Participant 2, Company 5

The involvement of the private equity firm is important for the portfolio company. The private equity firms position themselves as value-adding partners by showcasing their willingness to work closely with management teams and applying its focus on growth. This approach appeals particularly to entrepreneurial sellers who care about the future development of their company. This can be seen from the interview with company 5. As a private equity firm, they were more focused on the longevity of the firm than on an exit. This showed that the private equity firms were not after a fast exit, instead a particular interest in building sustainable value and, in some cases, preparing for a potential stock exchange listing.

"We become more of an operational partner in the companies. [...] We can offer help when owners and management know what they want to do, but don't know how to execute it or don't have the capacity."

-Participant 2, Company 5

Company 5's approach illustrates a balance between staying out of the daily operations, while still being able to support when needed. The acquisition from the private equity firm's perspective is not a complete takeover, instead seen as a

Partnership, and therefore, provides resources and expertise when it's needed without interfering unnecessarily. This strategy offered their investment as a help of creating more value for their firm, since the private equity firms are aware that owners often get emotionally attached to their firm, they make sure to go in with more involvement to meet their emotional level.

4.2.2 Providing Strategic and Operational Support to Portfolio Companies

Beyond winning deals through promises of involvement and operational support, private equity firms support their differentiation by delivering on these promises after the acquisition. The interviews revealed that the private equity firms do not limit themselves to financial oversight but become deeply engaged in helping portfolio companies execute growth strategies, professionalize operations, and manage critical transitions. Participant 1, Company 5 showed that instead of having the involvement standardized for every portfolio company, each involvement is personalized to the specific company.

"We can come in and make specific interventions to deliver on the business plan or strategy." "We have examples where we have taken operational roles. It can be everything from product development to expanding geographically, or implementing an ERP system."

-Participant 1, Company 5

This reflects an agile and open approach to its portfolio companies, making their support adjusted and based on the company's challenges and goals. Rather than using a fixed model for all the acquired firms, the private equity firm acts as a strategic partner in order to seize growth. Company 4 below shows how important it is to always visit the firm and create a personal connection with the organization to always keep the firm in contact with the portfolio company.

"As a basic principle, we have board-meetings in all our portfolio companies and often two or three members sit on the board." "We often visit the companies, meet all the employees, and create a personal connection with the organization."

-Participant 5, Company 4

Having members on the board is an important point that participant 5 in company 4 addresses, thus having the power to help the firm at its core rudder, which helps them to enable growth for the entire firm when it's needed.

4.2.3 Building Brand Reputation Through Portfolio Company Engagement

To build a market reputation as an engaged owner, the data showed that delivering operational and strategic support for the acquired company does not only creates value within portfolio companies, but it also works as a powerful branding tactic for private equity firms. The interviews also revealed that firms consciously use their track record of active ownership to build a positive reputation in the market, making future deal sourcing easier and strengthening their overall differentiation. From the interview, company 5 mentioned that they recommend all acquired firms to call any CEO of an already existing acquired firm of company 5, in order to have an honest chat about the private equity firm.

"We always say when buying a new company: call any of the CEOs or owners of our other companies and ask how it has been to work with us."
-Participant 1, Company 5

What appeared from company 2 was also that the market reputation will probably grow as the firm grows, when they acquire more and larger companies, the reputation will spread for the private equity firm. This has been a clear theme among the rest of the interviews, thus expressed directly by participant 4, company 2.

"Right now, we play a lot on our size — small, fast. But I believe our reputation will become even more important as we grow."
-Participant 4, Company 2

The operational involvement doesn't stay hidden within portfolio firms, it becomes a part of the private equity firm's external brand identity. Consistent behavior over time leads to stronger brand recognition, and a strong recognition and reputation for active and supportive ownership, differentiates private equity firms in the eyes of the

stakeholders, thus leading to a more reinforced competitive positioning as time progresses.

4.3 Strengthening Relationships Between Parties Through Branding

4.3.1 Co-Creating Brand Value Through Shared Ownership

Aligning interests through co-ownership emerged as a recurring theme in the interviews Instead of pursuing full ownership, private equity firms often retain founders as minority shareholders. This co-ownership is not only used to facilitate the private equity firm, but to incentivize both stakeholders to focus on growth. Additionally, it allows the private equity firm to benefit from the founder's insight, especially in areas where the founder has deeper knowledge. Private equity firms deliberately structure the deals to retain founders as shareholders, the previous owner owning between 10-40% of the company. By splitting the ownership of the firm, this ensures that both the investor and the original owners are financially incentivized to grow the business together. This can be seen in the interview by participant 4 from company 5:

"We want to go in as majority owners but still keep the other owners and management involved." "Management and former owners are often still minority owners [...] Then we have exactly the same incentive structure."

-Participant 1, Company 5

This shows that company 5 wants to maintain a manageable relation with the founder and former owners, to keep the owner incentivized to help scale the firm, this helps the private equity firm to access expertise that otherwise is hard to copy.

The co-ownership is used to reduce founders' resistance between the company and the firm and ensure that both parties are working towards the same goal. A lot of the founders are afraid to lose control of the firm, sometimes the founders are against fully exiting the firm, in order to lose all control. The control is used to retain influence and contribute to financial upside, which reassures them that they are still central to the company's future.

For the private equity firm, this structure helps prevent conflicts between the two parties. This could be conflicts over exit opportunities or value creation strategies, to foster a shared mindset to grow the firm. Beyond the internal alignment, the co-ownership serves as a benchmark for future acquires, and a history of collaborative partnerships signals to future sellers that the firm respects the founders' roles and creates space for both parties to succeed.

4.3.2 Reinforcing Trust by Granting Operational Freedom to Portfolio Companies

Since private equity firms typically become majority owners after the acquisition, ongoing communication with the former owner is essential. In order to maintain a healthy operational relationship, private equity firms often grant freedom regarding the operational, like the management team, even when the private equity firm holds a controlling interest. This allows the acquired company to run the business without interference. This behavior reflects a belief that founders, and internal teams are best positioned to understand the company's operational strategies.

"They feel that this is a partner who will come in and support, not just come in and dominate and reorganize everything."

-Participant 2, Company 5

Instead of imposing and implementing consultants externally into the operations, the private equity firm waits for the acquired firms' owners to accept to make sure that the operational involvement is needed. This makes sure that the operational management of the acquired firm can lead, while having the resources of the investor.

It also supports smoother integration and lower friction for both firms. Instead of introducing friction through control, firms present themselves as strategic allies always available for each company, but never overbearing to any degree. In this way both the PE firm and the acquired firm nurture a collaborative relationship and strengthen their brand as investors who are keen about their portfolio firms. This branding effect was highlighted in the interviews, where several firms pointed out that

they win deals because they are perceived as respectful. Over time, this reinforces their reputation in the market as engaged, but not controlling owners.

4.3.3 Prioritizing Long-Term Value Creation Over Quick Exits

Private equity firms have been in an environment where the larger sums of profits are gathered from the large exits, some firms in the sector have the trait to urgently exit a firm after a specific number of years, while others are not interested in exits at all. Instead, the importance to building great value for both the acquired firm and the private equity firm has a higher value, than an exit. The large majority of the firms that were interviewed had the philosophy to create value for both firms and to create value for the end customer. This can be seen for participant 1, company 5, where their philosophy does not have a clear exit horizon, instead the focus is to create as much value for both firms as possible.

"We don't have a clear exit horizon, Instead,
we want to own the companies forever."
-Participant 1, Company 5

Founders and management teams are often deeply tied to their company's future. They worry that private equity ownership might mean aggressive short-term cuts or a premature sale. By showing a commitment to long-term growth over exit pressure, private equity firms build trust and signal that they are aligned with the founder's vision for the company. This patient approach also increases the likelihood of repeat business and positive referrals, as entrepreneurs appreciate investors who think like builders, not traders. It enhances relational depth and demonstrates that the firm is in it for more than just short-term financial benefit. Company 5 had a pure value focus, where they wanted to focus on the value instead of the exit, and thereafter the financial benefit would come. This means that they didn't have a specific time frame for an exit.

4.4 Adapting Branding in Unpredictable and Evolving Markets

During the interviews there were a lot of conversation topics regarding how to predict the future of different sectors, from fast-paced sectors to more stable growth sectors. A very important view is if the sector that the PE firm is invested in, gets manipulated

or changes focus, since it could result in a vital point for both the PE firm but also all its acquired companies.

4.4.1 Maintaining Brand Alignment During Turbulent Markets

In sectors where change is constant, it's crucial for a PE firm to remain aligned with its branding for the specific market niche. Unexpected turbulence can make it difficult to determine the best strategic direction for portfolio companies, in some cases it may even require a re-evaluation of the firm's branding approach.

In order for the PE firm to remain aligned with the branding and its strategies during turbulent periods, the firm emphasized the importance of a long-term vision to address turbulence that could have a negative impact on its branding. The participant 5 from company 4 said.

"Of course, we create a lot of value in the companies and improve them. But much of it is also about branding… making sure that the employees and customers understand that this is incredibly important for society as a whole. It's about creating societal value...".

-Participant 5, Company 4

This shows that no matter the turbulence or potential unalignment, the firms aim to maintain consistent messaging and values. Thus, focusing on long term societal improvement rather than short term benefits. Higher degrees of unpredictable scenarios could increase the difficulty to maintain the mindset of longevity for the PE firm. In general, for every interviewed firm, they want to deliver value to society, no matter the operating niche. This means that no matter the niche that the PE firm operates in, the long-term goal is to deliver as much value for both the society and the acquired firm. The value created will then ultimately result in financial benefit for the PE firm. It's however important that the external view of the PE firm does not change, so the focus is not shifted from the value created by the firm, to the greed of the financial profit. Therefore, it's very important to keep a long-term value creation in uncertain occasions, and to not focus on the short-term financial profits.

4.4.2 Preparing Branding for Public Markets and IPO Requirements

When a PE firm aims to go public, it's a lot of potential unpredictable scenarios that could change the branding strategy, mainly the regulation and the transparency that is needed to reach the public market. One of the companies interviewed, that had a long-term strategy and a strategy to approach the public market in a couple of years, was keen on being transparent in its strategy, this can be seen from these citations.

"we're on an IPO journey… [and] it becomes more important to have a more stock-market-friendly profile."

-Participant 1, Company 5

we'll need to report quarterly and within specific timeframes, so we're setting up the processes and structures required for external reporting to shareholders."

-Participant 2, Company 5

The focus of the interview was to be transparent with all stakeholders during the operations of the firm, acting more like an investment firm, since the fundamental focus was longevity. By preparing for the expectations of public markets, such as structured reporting and external audits, the firm increased its credibility and reliability. By being more transparent as a firm, it showed a more serious approach for the firm in the eyes of investors and acquired firms, since it reinforced the brand to be more aligned with shareholders and the public.

4.4.3 Managing Misalignment in Branding Between Parties

An important topic that was raised during interviews was how private equity firms manage their brand when unexpected misalignment occurs, between them and acquired firms. If any disagreement arises, it is very important that their external brand remains intact while maintaining trust with both the portfolio company and the wider market. This can be seen from both larger private equity firms and smaller ones that were interviewed.

"We do a lot to build a strong brand [...] But there are definitely examples where it hasn't worked out."

-Participant 5, Company 4

This quote highlights that even larger firms, with strong fundamental branding can experience misalignment. This can occur when the post-acquisition expectation differs. Company 4 showed that the expectations differ due to shareholder agreements and legal structuring. In complex setups between the private equity firm and the acquired firm, even minor misunderstandings can strain the relationship and damage the brand's consistency.

"So it's clear that it's really important to have a good relationship with them and that they're excited and happy to be there and do a good job as well."
-Participant 1, Company 5

This statement shows that the firm wants to see a stable partnership and create as much value for the end customers, while still aligned with the brand equity that is created in terms of the acquiring.

"It's a pretty rigid process in an investment with all the agreements that are drawn up and around share transfers, share ownership, shareholder agreements and so on. And that, it's like, it's important to do it in a good way from the beginning."
-Participant 2, Company 5

The process of acquiring a firm begins with several agreements. Disagreements and misalignment will arise, this all depends on the different goals the private equity firms has compared to the acquired firm. The better and more specific the goal of the collaboration, the less of a disagreement will arise.

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4.5 Summary of Empirical Findings and Company Differences

To summarize the four different themes identified in this thesis, the empirical findings demonstrate how private equity firms use branding to differentiate themselves and strengthen relationships with portfolio companies. Each theme is based on patterns that were found in the interviews and supported directly by citations from multiple participants. Some participants appeared in larger amount than others, this was due to

some individuals having a better position in the firm to understand the environment better. In this chapter there will also be a discussion regarding differences between the firms. In Appendix D, there is an overview of the themes and the subthemes that are covered in this thesis.

Firms use branding to limit the skepticism from the founder and therefore establish credibility as quickly as possible. Rather than relying only on reputation, they actively shape their image to be transparent, professional, and reliable, which results in that they positioning themselves as trustworthy partners from the first interaction.

Private equity firms distinguish themselves by offering operational and strategic support as part of their brand promise. The focus is often to have an active involvement, this is often a differentiator in competitive deal processes and a relationship-building mechanism after the acquisition of the firm. This support extends to areas like market expansion, and leadership development, but it all depends on the position of the acquired firm.

Firms aim for long-term operation in trust and alignment by structuring deals that retain founders and management as minority owners. Portfolio companies also build trust in the private equity firm when they experience respectful autonomy and strategic collaboration. This relationship is further reinforced by a shared commitment during a longer period, rather than fast exits.

Branding is not static, but firms adapt how they present themselves depending on the audience, growth phase, or the implemented strategy. As specialization and thematic focus increase, so too does the need for brand evolution. Firms reposition themselves to remain relevant and credible in the eyes of their stakeholders. Combined these themes show that the branding in the private equity sector is not a passive identity but instead an active and relational tool. The tool therefore is used to build trust, differentiate in competitive processes, and create alignment with acquired firms, which is both before and after the acquisition of the firm.

While the overarching themes were consistent, the empirical data also revealed clear differences in how firms approach branding and relationship-building. For example,

company 5 stood out as highly relational and hands-on, focusing on the operational support and alignment over a longer period of time. But company 4 which is embedded within a larger institution was more about communicating credibility and trust through brand association and professionalism. Company 2 focused on speed and personal fit, reflecting a leaner, more pragmatic approach. Company 1 appeared less focused on strategic branding, relying more on informal interactions and flexibility. Finally, company 3 with its focus on always showing respect to all the different stakeholders and had a focus on being professional to all the stakeholders involved. These differences suggest that while all firms operate within the same broad branding logic, their individual positioning and practices vary, depending on their size and strategic priorities.

5 Discussion

This chapter analyzes and connects the empirical findings to the theoretical framework presented in chapter 2. The discussion takes the evolving logic of branding, more specifically the lens of service dominant logic (S-D logic), emphasizing how brand value is co-created through interaction between firms and their stakeholders. Additionally, highlighting the importance of collaboration, trust, and relationship-building in modern branding practices, since the framework has a general approach it's applicable to focus on the private equity sector.

The findings from the empirical interviews showed that private equity firms not only promote their identity and convey trust, but to establish credibility, differentiate themselves through active development with their portfolio companies. This results in a close alignment with the principles of the S-D logic. The brand value is, therefore, according to the literature, co-created with the founders and the key stakeholders in the firm. To connect with the empirical findings, each theme will connect to the theoretical framework. The aim is to demonstrate how private equity firms and their strategies reflect the collaborative stakeholder-centered view of branding, which is described in the literature.

5.1 Aligning The Empirical Findings to The Theoretical Framework

5.1.1 Aligning Trust and Credibility to The Theoretical Framework

Connecting the first theme to the theoretical framework, it empathizes how private equity firms use branding to build trust and credibility with potential portfolio companies. Rather than focusing solely on promoting their brand identity, the private equity firms focus on shaping their branding efforts to reduce founder skepticism and create a foundation for partnership. This approach can be seen in Merz et al.'s (2009) evolving brand logic, where brands are no longer driven by the firm but are co-created through interactions with their stakeholders.

Looking deeper into the framework and the S-D logic perspective, the brand value is not incorporated in the firm's types of communications, but instead it appears in the value in use by the stakeholders (Merz et al., 2009). Connecting that to the private

equity, the founders value a firm with trustworthiness and professionalism. Since it becomes a critical component of the brand itself. The data and interviews revealed that firms like company 2, constructed their branding to emphasize transparency due to the market in which they operate. The second company also mentioned that legitimacy to overcome doubts often associated with private equity was a critical component that constantly gets questioned. As one of the interviewees explained, branding and trust are about "s*howing that we are legit [...] and that everything is clean,"* by participant 4, company 2, as it is important in a volatile niche in private equity, where knowledge and honesty can determine relationships.

Company 4 demonstrated a similar pattern, but instead through institutional affiliation. This results in feelings of security and stability in the branding. However, this came with a negative side, thus to maintain independence in communication to avoid the perspective of bureaucratic control. This further illustrates the interactive nature of branding emphasized by Merz et al. (2009), where the meaning of the brand evolves through stakeholder experiences and perceptions but not solely through top-down firm strategies.

Branding for the private equity firms becomes an enabler of early relationship formation, and to find common ground between the private equity firm and the portfolio company. The firms managed both explicit signals of financial stability and ethical operations, but also implicit relations such as accessibility and ability to collaborate. The collaborative aspect fits the service dominant logic principle due to that the brand value arises from ongoing interactions between the firm and the different stakeholders.

5.1.2 Differentiation Through Active Involvement to the Theoretical Framework

The second theme highlights how private equity firms differentiate themselves in competitive investment environments by offering hands-on operational involvement after acquiring a company. The private equity firms position themselves as active strategy partners instead of relying solely on financial strength or deal pricing, which results in growth for the portfolio company. This branding approach strongly aligns

with Merz et al.'s (2009) evolving brand logic, where brand value emerges not from firm-centric messaging but from co-creating value through stakeholder collaboration.

Looking deeper into the framework of the service dominant logic, firms build their brand value by participating in the stakeholder's value creation process. In the private equity context, differentiation between the firms in the sector is achieved by directly engaging in strategic projects, helping implement systems as described in the interviews. Company 5 emphasized that they take on operational roles to support specific growth needs for the portfolio companies. This active involvement demonstrates a branding approach that is oriented around service, where the identity of the firm is built and reinforced through direct contributions to stakeholder success.

The large difference among the different private equity firms is how they support their portfolio companies and how involved the private equity firms are in areas not related to the portfolio company's financial success. The value creation is an actively communicated process between the PE firm and the portfolio company, many of the firms described winning deals more often since they offer the most suitable partnership for the acquired company. In line with Merz et al. (2009), differentiation through active involvement reflects a shift from transactional branding to relational branding. Private equity firms are branding themselves not through claims of superiority, but instead through different proven collaborative behaviors that founders value and trust. This results in a view that branding and service are getting intertwined, hence, branding is not considered separate from operations.

The differentiation for branding in the private equity sector becomes highly dependent on the co-creation of value with the portfolio company. The private equity firm and the portfolio company create more value together than adding the brand value up by themselves. Thus, reinforcing a great service dominant logic based on the value of the stakeholders.

5.1.3 Strengthening the Relationship Through Branding

Connecting the third theme to the theoretical framework regarding strengthening relationships through shared ownership and branding, the private equity firm makes sure to foster an ongoing alignment of interest. Looking at the ownership model of the

PE firm, it becomes a branding-focused ownership model, meaning that it's rooted in trust and partnership between the firms. From the service-dominant perspective, this approach reflects the co-creation of brand value through relational, stakeholder-driven engagement.

The framework also connects to the brand value, since it emerges from unilateral brand management, through interactions between firms and stakeholders, where relationships are central. The shared ownership structure directly enables this dynamic by both financially and operationally part to create the brand narrative for both firms, resulting in collaborative success. From the interviews, it can be seen as said by participant 2, company 5, *"We have the exact same incentive structure as our portfolio company".*

Long-term collaboration between the private equity firm and the portfolio company is encouraged from both sides since both partners want the best for the company's future. The idea differs from the transactional or extractive models of ownership. In that case, trust may quickly erode after the acquisition. Regarding the service dominant logic, the shared ownership increases mutual value for both parties. The continued value from the relationship, which enhances both the company's and the firm's brand equity over time. The relationship building between the private equity firm and the acquired company also reinforces the private equity firm's external reputation. The more communication between the private equity firm and the acquired firm, the more likely the acquired company sees positively about the private equity firm. Such stories contribute to the firm's brand credibility in future deal sourcing. This reflects Merz et al.'s (2009) view that brand value is built across stakeholder networks, not within firm boundaries.

5.1.4 Adapting Brand to Unpredictable and Evolving Markets

Connecting the fourth theme to the theoretical framework, regarding how private equity firms adapt their branding strategy when facing unpredictable market alignments or regulatory changes. The branding of a firm is often perceived as stable, but the empirical findings reveal that private equity firms treat branding as a living process that needs to be adjusted to meet the expectations of both external and internal stakeholders. To connect to the theoretical view, to Merz et al.'s (2009)

view of brand values as continuously co-created and reshaped through stakeholder interactions, which is a key component of the service dominant logic perspective. Instead of forcing a rigid brand identity, the private equity firm wants to stay aligned with the sector that they operate in, this is even more important in niches that are more volatile. The interviewees covered that if changes in the market conditions occur, that will challenge their branding consistency, this is since it will be more difficult to take the right action in a market that appears to be unstable. Often, when overlooking the future, the short-term could appear to be volatile, but most of the private equity firms had a long-term approach to the brand narrative, with a focus on societal value and responsible ownership, no matter the potential turbulence that could occur. One of the interviewees noted that branding was also about *"making sure that the employees and customers understand that this is incredibly important for society as a whole,"* which was mentioned by participant 5, company 4.

Looking to further connect to the service dominant logic, this demonstrates that branding is not merely projected outward but co-created in real time with stakeholders. This leads to the importance of brand resilience and being able to cope with change and adjust the strategy without losing trust or credibility.
For firms that aims to go public, the importance of branding adapts further. The interviews showed that a transition and to go on to the public market requires more transparency and the ability to be up to date with the financial reporting. This aligns with the theoretical framework, which empathized with brand ecosystems, where brands interact with multiple stakeholders, including regulators, investors and then the public market when a firm is listed.

6 Conclusion

The purpose of this thesis was to examine the research question:
"How do private equity firms use branding to differentiate themselves and strengthen relationships with portfolio companies?".

Throughout the thematic analysis of the thesis with interviews with professionals in private equity, this thesis identified four different key strategies that private equity firms use to integrate branding into their operations and building of relations. First, how private equity uses branding to build trust and credibility, with a focus on reducing founder skepticism and demonstrating professionalism and transparency. Second, regarding the differentiation of the hands-on operational involvement of the private equity firm. Thus, showing that value creation is a co-developed process rather than a passive investment. Thirdly, strengthen the relationship between private equity firms and portfolio companies, to align incentives while showing confidence in the leadership of portfolio companies. Lastly, there is how private equity firms are adapting their branding to unexpected scenarios between the portfolio company and the private equity firm.

These findings were analyzed using Merz et al.'s (2009) framework on the evolving brand logic and service dominant logic, also known as the S-D logic, this emphasizes the co-creation of brand value through stakeholders' interaction, not only as a one sided communication tool but instead as a relational process. In the context of private equity, branding was shown to emerge not only through external messaging but also through how the firm acted.

The results demonstrate that private equity firms use branding to go beyond financial differentiations. They create value and competitive advantages by embedding branding into how the source deals, communicates with stakeholders, structures their ownership between them and the acquired firm, but most importantly, maintaining long-term trust with the portfolio companies. The brand identity becomes a pure reflection of the firm's investment philosophy and its behavior. This results in them helping build durable relationships in a highly competitive and relationship-driven industry.

Based on interviews with five different firms and eight different interviews with employees in the private equity space, the findings show that branding is far more complex than visual identity or reputation. It's an active and strategic tool for building trust, signaling long-term value, and creating relational alignment between investors and entrepreneurs. These traits can especially be seen in the interviews with company 5, company 4, and company 2.

Thus, this thesis answers its research question by showing that branding in private equity is both strategic and relational. It is a dynamic sector, both involving financial strength and relations and the reputation and track record of the firm is crucial values. This means that the branding for a private equity firm is a dynamic tool used to position the firm in the market and simultaneously deepen relationships with portfolio companies, ultimately supporting long-term success and trust-building throughout the investment lifecycle. The analysis showed that branding in private equity is not a firm's creation in isolation, but instead is a collaborative and context-sensitive practice that grows and develops through long-term relationships.

6.1 Theoretical Contribution

This thesis contributes to the literature on branding and private equity by applying the service dominant logic perspective on a sector that is dependent on stakeholders, where branding has received limited attention, since it has been blocked by the financial upside of the exits. The prior research has largely focused on branding in consumer goods industries, this thesis demonstrates that branding also plays a strategic and relational role in B2B investment settings. In particular, the thesis shows how private equity firms actively co-create brand value with their portfolio companies, using branding as a tool for trust building, alignment, and differentiation. By integrating the evolving brand logic developed by Merz et al. (2009) into the private equity context, the study adds new insights into stakeholder branding, with a focus on high stakes and longer partnerships to provide deeper brand value and create a more centralized co-brand value. The findings suggest that branding in private equity is relational and a dynamic process, where the value is continuously co-produced through interactions between firms and stakeholders. This thesis also shows that the theoretical application of the co-creation of branding regarding the investment

structures and operational improvement between the private equity firm and the acquired firm. These dimensions are not traditionally explored in branding literature but are thus crucial in building and maintaining meaningful brand equity in private equity relationships. This leads to the study helping bridge the gap between relationship marketing in the form of stakeholders and the branding of the investment strategy. As a result of this, it leads to a broader understanding of how brand value is developed and sustained in a B2B financial ecosystem.

6.2 Practical Implications

The practical implications of this thesis for private equity firms that are looking into improving their competitive positioning and strengthening relationships with portfolio companies. It can be divided into three categories that the practical implementations can be seen from this thesis.

Looking deeper into the practical implications, branding should be treated not merely as external communication or investor relations. Instead, it should be used as a strategic relationship tool. The firms that actively use their brand through trust-building and operational credibility are more likely to establish an early relationship with founders and therefore secure competitive deals. This is especially seen in businesses when the founder is close to the brand perception of the firm, and it can directly influence whether a seller feels aligned with the investor. Further, this thesis shows that hands-on involvement and support post-acquisition are not only value-creation strategies but also key differentiators that shape a firm's brand reputation in the market. This can lead to a more competitive private equity firm. The firms that position themselves as engaged and collaborative partners, rather than distant financial owners, these firms are more likely to earn referrals and build long-term trust with entrepreneurs and advisors. This thesis showed that maintaining alignment through shared ownership models and showing that management operational autonomy contributes to both stronger performance and stronger brand equity.

6.3 Limitations

This thesis offers insights into how private equity firms use branding to differentiate themselves and strengthen relationships with portfolio companies, but certain limitations must be acknowledged. The empirical material is based on a limited number of interviews, and they are rich in qualitative depth, the interviews may not

capture the entire picture of the private equity industry. The firms included in the study are primarily active in Sweden, which can influence their branding behaviors since they target specific market conditions or cultural factors not present in other geographical contexts. Looking at another limitation that the thesis reflects, it's the perspective of private equity employees, as they provide important insight into their branding intentions and strategies. But exclude the voices of the other stakeholders, since the stakeholders in private equity are dependent on each other, and in this thesis, it's only the focus on the private equity firm. To include this perspective, it might have shown a more nuanced view of the private equity relationship between the private equity firm and the acquired firm. Finally, the theoretical framework was centered on service-dominant logic and the evolving brand logic described by Merz et al. (2009). While this lens provided a valuable foundation for analysis, the study could have been enriched by the application of complementary theories, such as other theories that had explored more of the trust developed between the stakeholders in private equity.

6.4 Suggested Future Research

Given these limitations, there are several opportunities for future research. One important direction would be to include a broader and more diverse sample of private equity firms across different countries and market segments. Such expansion could focus on how branding strategies differ between regions or between firms with different investment philosophies and sectors. Looking at a different perspective, future studies could also benefit from including the perspectives of other stakeholders involved in the branding process. Another promising avenue would be to examine how branding strategies evolve over the full investment cycle in private equity, from acquiring a firm to then exiting it, and what impact it had on the private equity firm, and how that shaped the private equity firm. Furthermore, research could explore the link between branding strategies and performance outcomes through quantitative studies. This would allow for a more empirical assessment of whether firms that invest in relational branding experience higher success rates in deal sourcing, value creation, or reputation among advisors. To then see and analyze the outcome of the investments that the private equity firms focus on.

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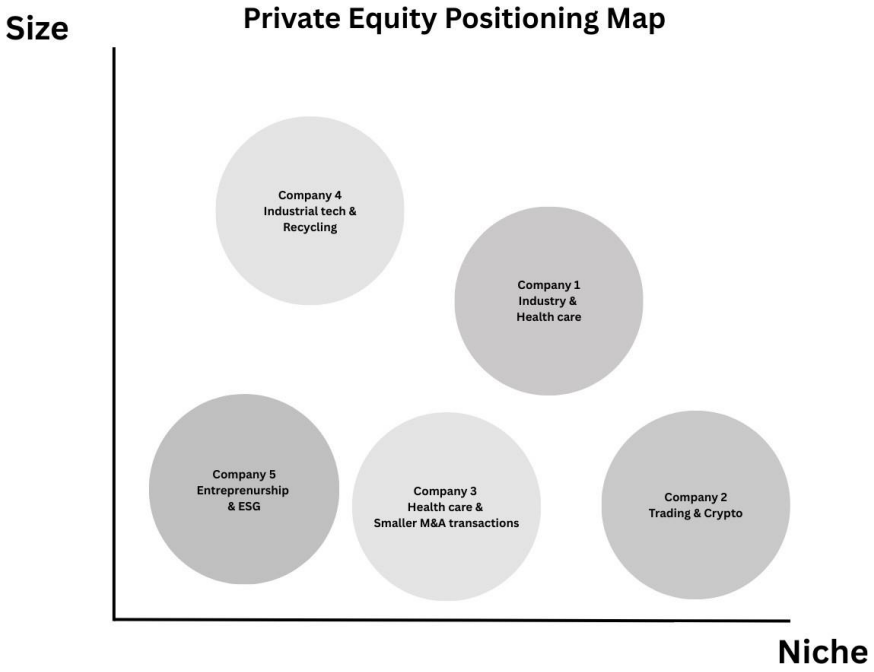
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Appendix

Appendix A, Interviewee information

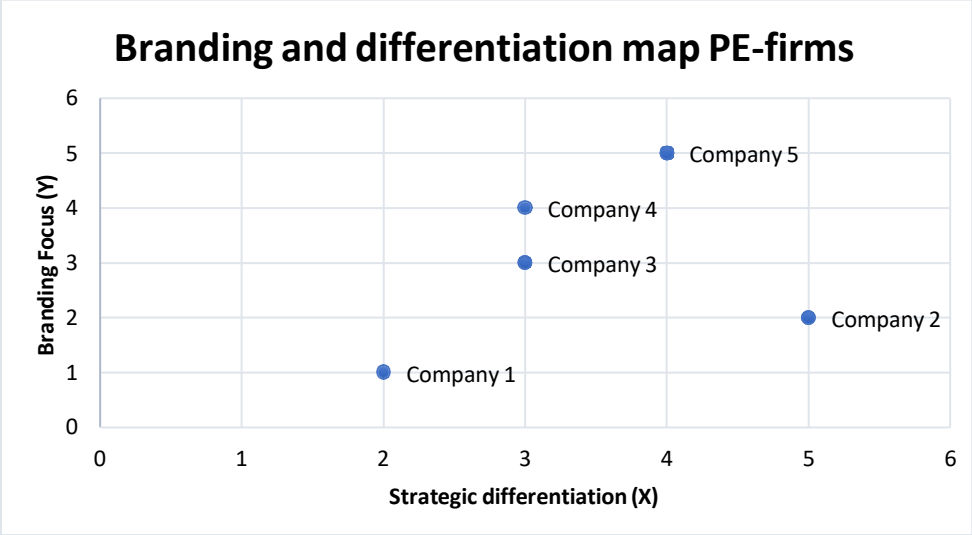
Interviewee	Firm	Position	Type of firm	Year(s) of experience	Interview date
Participant 1	Company 5	Investment director	Private equity with long horizon for the firms.	5	11/03/25
Participant 2	Company 5	Investment director	Private equity with long horizon for the firms.	4	16/03/25
Participant 3	Company 2	Associate	Private equity firm trading crypto	2	31/03/25
Participant 4	Company 2	Investment intern	Private equity firm trading crypto	1	21/03/25
Participant 5	Company 4	Associate	Private equity firm with connection to a large bank	3	14/03/25
Participant 6	Company 1	Associate	Private equity firm with investments in Sweden but has larger parts in Europe	3	23/03/25
Participant 7	Company 3	Investment intern	Small Private equity but has been in M&A during the last couple of years.	1	02/04/25
Participant 8	Company 3	Investment intern	Small Private equity but has been in M&A during the last couple of years.	1	31/03/25

Appendix B, Private equity positioning map



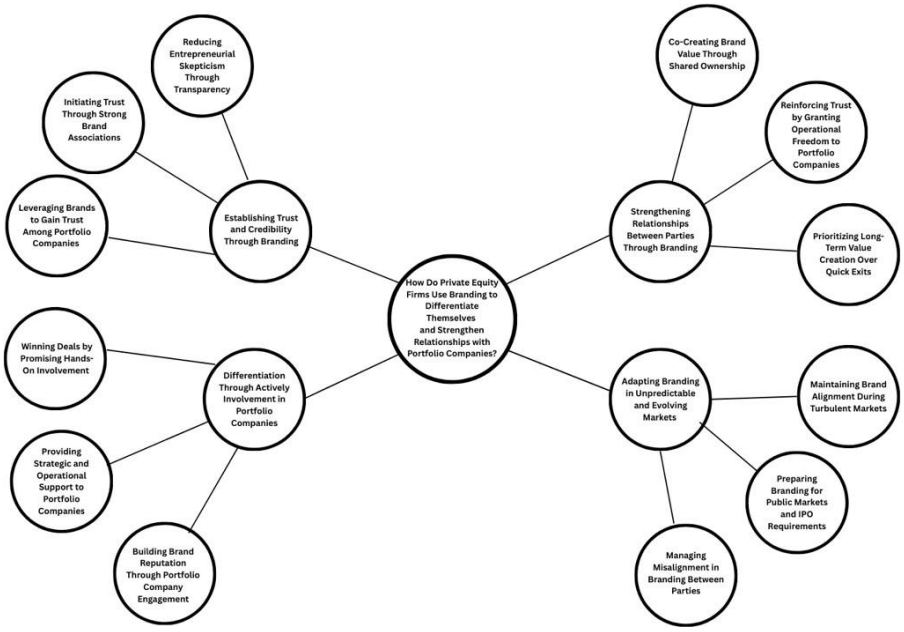
This figure shows the firms in a diagram with how niched the firm is on the x-axis and their size, compared to each other on the y-axis.

Appendix C, Branding and Differentiation map private equity firms



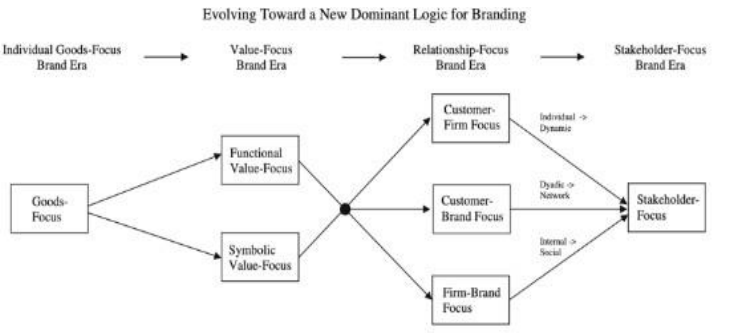
This figure shows the branding and differentiation between each company. With strategic differentiation on the x-axis and branding focus on the y-axis. The figure is compared to each firm involved in the thesis.

Appendix D, Themes and subthemes



This figure shows and summarizes the themes and the subthemes that was used in chapter 4.

Appendix E, Evolving to the Service dominant focus, with stakeholders in focus



Brand as Identifier	Brand as Functional/ Symbolic Image	Brand as Knowledge, Relationship Partner and Promise	Brand as Dynamic and Social Process
Output Orientation	Output Orientation	Process Orientation	Process Orientation
Customers as Operand Resources	Customers as Operand Resources	External and Internal (Employees) Customers as Operant Resources	All Stakeholders as Operant Resources
Brands are Operand Resources	Brands are Operand/t Resources	Brands are Operant Resources	Brands are Operant Resources
Brand Value through Value-in-Exchange	Brand Value through Value-in-Exchange	Brand Value through Value-in-Use	Brand Value through Value-in-Use

This figure is the service dominant logic used in the method and in discussion for the thesis.

Appendix D, Interview guide

Regarding branding

"What does branding mean to "The company"?"

And when an investor or a potential investment hear about your firm, what do you think stands out about your firm regarding branding.

- Has that view evolved over time? Has it become better when you invest in certain companies?
- Have you made any strategic shifts in regards to how you firm is seen?

How is the relation with investment strategy and the branding strategy, how do they go hand in hand?

Do you believe that branding plays a role in winning competitive investment deals? if so how?

How do you look at other close competitors, on how they use branding, and if so are you looking to implement any other strategies, what strategies?

How do you try to improve your branding?

Does your firm invest in brand building activities such as increase thought leadership, invest in PR, or any digital presence?

Regarding differentiation

What are you trying to do to differentiate yourself from other investment firms?

- how do you do that?
- Is it anyone in your team that is great at that specific thing?

Has the differentiation evolved naturally over time or is the differentiation intentional?

- Was it intentional that it was going to be that way?

How do you communicate the differentiation to portfolio companies and investors?

Would you say that your differentiation is based on the brand perception or the actual strategy?

-And why is that?

Do you feel that there is a lot of investment firms that are in the same competitive field as your firm? Is it hard to find companies that are willing to be invested in?

Has it been hard to convey why investors should invest in your firm? And why?

How do the smaller or larger firms see your firm? Are you seeing any firm that is doing exceptionally well and want to implement any of their ways of operation?

Do you think the differentiation in investment firms are becoming more important now than it was 10 years ago? Why or why not?

- And looking into the future how do you see the firms differentiating to increase profitability and increase the relation with their investors and portfolio companies?

Regarding Strengthen relations with investors and portfolio companies.

How do your firm maintain strong relationship with investors and portfolio companies?

- What do you do?
- What non-financial factors contribute most to investor retention?

How do you think your branding in perceived by investors, does it match the views from the public?

What branding mistakes do investment firms make that can weaken investor confidence?

- Have you seen a case or example where the investment firm has lost the confidence from its investors?

How do you act when you see an investor or a portfolio company not liking the behavioral side of your firm.

If a relation with a portfolio company or investor is not proceeding as you excepted, what are the actions you take?

Disclosure of AI-tools use

What AI tools have been used and how?

The tool that have been used during this writing of the thesis was ChatGPT, in the way of refining sentences, the AI has only been used to correct some sentences. If the author has had a hard time formulating some sentences, then the help of ChatGPT was used. The author then rewrote the sentences from the suggestions that was given from ChatGPT and used it to facilitate the writing. The same tool have help to revise some parts of the texts, used a tool for improvements in fluency of the sentences and improving grammar and spelling mistakes.

In what ways have these tools contributed to increasing the quality of the thesis?

The tool has contributed to the thesis by improving the flow of the sentences, the grammar and spelling. The tool has also been used to find better synonyms, to improve the wording in the thesis.

What potential risks were found using AI and what measures were taken to reduce these risks?

The AI was also used to create a plan for the thesis, in that matter it was found being a risk to keep track of time and how long each part and interviews took. The measures that were taking to reduce this was to have our own planning in the terms of writing the thesis. To also keep track of how much were left to do for the writing of the thesis, we both used ChatGPT and our own calendar to keep track of the time and dates. Other potential risk of using AI tools was the interpretation of our prompts when using it, some parts can be forgotten and misunderstood by prompting the AI tools, which can lead to misunderstanding and communication. In order to reduce the misunderstanding, it was important to provide all the information to the tools.

What are the insights gained from using AI tools in the thesis writing process?

Helpful insights to understand the purpose of each chapter and how to focus on, for each chapter, it was a way to understand what to write and how to formulate it faster, to then get more answers, if any questions arose during the writing.