



# Why Some Businesses Succeed While Others Fail? And What Can We Learn from That?

**Fatima Zahraa Bendriouch**

School of Economics and Management, Hubei University of Technology, Wuhan, China

Email: fatimazahraa.bendriouch@um5r.ac.ma

**How to cite this paper:** Bendriouch, F.Z. (2026) Why Some Businesses Succeed While Others Fail? And What Can We Learn from That?. *Open Access Library Journal*, 13: e15168. <https://doi.org/10.4236/oalib.1115168>

**Received:** March 13, 2026

**Accepted:** May 15, 2026

**Published:** May 18, 2026

Copyright © 2026 by author(s) and Open Access Library Inc.

This work is licensed under the Creative Commons Attribution International License (CC BY 4.0).

<http://creativecommons.org/licenses/by/4.0/>



Open Access

---

## Abstract

Business failure is often simplistically attributed to poor products or weak leadership. However, a closer examination reveals that failure more frequently results from strategic misalignment with cultural contexts, technological shifts, or brand identity expectations. This article examines five illustrative cases: Nestlé in Japan, Nokia in the smartphone industry, Rihanna's Fenty luxury fashion house, Montblanc and Massimo Dutti to explore why some firms recover and succeed while others stagnate or collapse. The paper shows that a correctly targeted customer helps create the business model and the proper branding accordingly. Cultural adaptation and proper reactivity to new technological trends in the market are key determinants of business resilience and long-term survival. Research also shows us that storytelling and the right choice of cues can help with profitability when the ultra-wealthy are the targeted customers.

## Subject Areas

Marketing, Customer Targeting, Luxury Marketing

## Keywords

Storytelling, Branding, Customer Targeting, Consumer Behavior

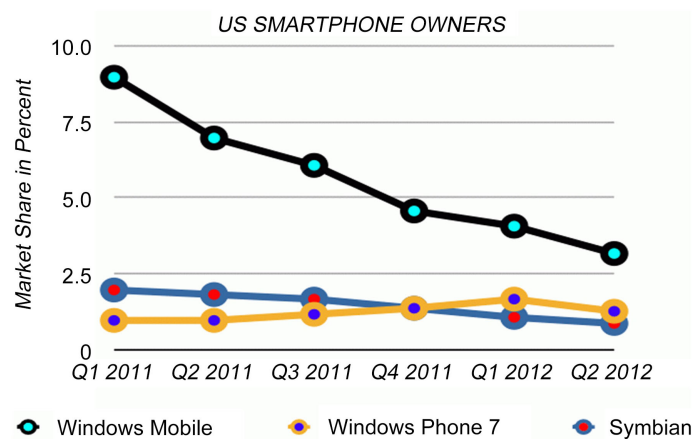
---

## 1. Introduction

In highly competitive and rapidly evolving markets, business success is not guaranteed by brand power, financial resources, or historical dominance alone. Many firms that once held strong market positions have failed to adapt to structural, cultural, or technological changes, while others have demonstrated remarkable resilience by reconfiguring their strategies. This article argues that the difference between failure and survival often lies not in innovation per se, but in the capacity to align strategy with consumer culture, ecosystem dynamics, and coherent brand

storytelling. The selection of cases such as Massimo Dutti, Fenty, Montblanc, Nestlé in Japan, and Nokia follows a purposive sampling logic aimed at illustrating contrasting trajectories of strategic success and failure across industries, because they represent diverse sectors (luxury fashion, consumer goods, technology) while sharing a common underlying challenge: aligning brand positioning, consumer perception, and market context. The comparative analysis is guided by three criteria: cultural and symbolic alignment with target consumers, consistency of brand positioning and perceived value, and adaptability to structural market changes, including technological and behavioral shifts. This framework allows for a cross-case examination of how firms either reinforce or undermine their competitive positioning through strategic decisions.

## 2. Nokia



**Graph 1.** Market share of Symbian, Windows Mobile and Windows Phone 7 among US smartphone owners from Q1 2011 to Q2 2012 [3].

Nokia witnessed a success at the beginning that preceded an ultimate failure [1]. Nokia's decline can be attributed to a strategic failure to adapt to the rapid transition from feature phones to smartphones. Despite its dominance in the global mobile phone market during the 1990s and early 2000s, Nokia underestimated the disruptive impact of touch-screen smartphones and the growing importance of integrated digital ecosystems. The company relied too heavily on its proprietary Symbian operating system, which proved technologically rigid and unattractive to developers compared to iOS and Android. This delayed Nokia's response to market shifts and led to a late and ultimately unsuccessful partnership with Microsoft's Windows Phone, by which time competitors had already secured strong consumer and developer loyalty. Additionally, organizational inertia, slow decision-making, and overconfidence in brand strength prevented Nokia from delivering a competitive user experience. Consequently, Nokia's failure stemmed not from deficiencies in hardware quality, but from misreading technological change, too much confidence or attachment to the brand and its identity and underestimating the strategic importance of software ecosystems and innovation speed. Add to that the lack of

adaptation and foreseeing the market movements. Nokia sold its mobile phone business to Microsoft on September 3, 2013 [2] (see **Graph 1**).

### 3. Nestlé in Japan: Failure as a Prelude to Strategic Reinvention

Nestlé's early entry into the Japanese market illustrates how cultural misalignment can impede success. Japan's deeply rooted tea culture limited the adoption of coffee, Nestlé's core product category. Initial strategies failed due to insufficient localization in taste, packaging, pricing, and distribution, as well as an underestimation of strong domestic competitors. Arnould emphasized in his research the importance of the cultural aspect in consumer behavior through his Consumer Culture Theory (CCT) [4]. So, here we notice the neglect of the cultural aspect of consumption. However, Nestlé's eventual success comes from a long-term strategic pivot: instead of targeting traditional tea-drinking adults, the company focused on younger consumers and students. They switched their focus to what can look more appealing to their potential customers by cultivating early brand loyalty through culturally embedded marketing and localized product innovation, most notably with KitKat's linguistic and symbolic integration into Japanese exam culture. Advertising coffee at first was somehow an aggressive blunt move. On the other hand, introducing Nestlé as a brand by targeting young consumers in an appealing way through Kitkat showed its success. Hence, they'll grow using the brand and then adapt to other products that it markets, all within a way that doesn't contradict their culture and identity. Then, Nestlé successfully embedded itself into everyday consumption practices. This case demonstrates, the importance of the cultural aspect of consumers that businesses mustn't overlook just because of a brand's confidence in its identity and previous success among different cultures. But the failure can be reversible when firms abandon short-term conversion strategies in favor of generational brand building and deep cultural immersion.

### 4. Fenty Fashion: Brand Power without Strategic Coherence

Fenty was launched in May 2019 by Rihanna in partnership with LVMH, the luxury conglomerate behind brands such as Louis Vuitton and Dior. The project was historically significant because Rihanna became the first woman and the first person of color to lead a fashion house under LVMH, and it was also the first new luxury fashion house created by the group since 1987.

The brand launched its first collection in Paris in May 2019, followed by a global online store opened on 29 May 2019, supported only by limited temporary pop-up stores in cities such as Paris and New York rather than permanent boutiques.

However, the venture was short-lived. In February 2021, less than two years after its debut, LVMH and Rihanna jointly decided to suspend the ready-to-wear business indefinitely, citing unfavorable market conditions [5].

Several concrete factors contributed to the brand's failure:

- **Luxury pricing:** Many items were priced at luxury levels. For instance, jackets

priced around \$1000 and dresses around \$800, which did not align with the purchasing power of much of Rihanna's fan base that is mostly young listeners, hence people with less purchasing power in comparison with traditional luxury buyers (the ultra wealthy) [6].

- Luxury fashion brands often thrive on heritage, craftsmanship, and legacy (think Loro Piana or Ralph Laurent). Fenty was brand new, with no legacy or "timeless story," so it lacked that emotional pull luxury consumers usually want.
- Luxury buyers expect in-store experiences: exclusive boutiques, personalized service, and the prestige of shopping in Paris, Milan, or other fashion capitals. Fenty skipped that and went mostly digital. That weakened the brand aura: luxury relies on scarcity, physical presentation, and craftsmanship. A website-only launch made it feel more like premium street wear than high-end luxury.
- Limited distribution: The brand relied heavily on direct-to-consumer online sales and short-term pop-ups, lacking the permanent flagship stores typically used by luxury fashion houses to build prestige.
- Weak commercial performance: The clothing line did not generate the expected sales and reportedly produced financial losses before being discontinued [7].

After closing the fashion house, LVMH and Rihanna decided to redirect investment toward the profitable parts of the Fenty ecosystem, including Fenty Beauty, Fenty Skin, and the Savage X Fenty lingerie brand, which target a fan base that is already able to afford them through reasonable pricing.

So in short, the Fenty fashion house failed not because of a lack of publicity, but because the business model combined high luxury pricing, limited physical retail presence, which prevented the brand from reaching sustainable sales within the luxury market.

## 5. Massimo Dutti: Storytelling as Strategic Positioning

In contrast to failure narratives, Massimo Dutti shows how deliberate brand storytelling can support sustained market positioning. Although the brand is Spanish and owned by Inditex, its Italian-sounding name was intentionally chosen to evoke associations with craftsmanship, tailoring, and European elegance. This constructed narrative allowed the brand to occupy a premium position distinct from Zara, despite operating within the same corporate group. Rather than deceiving consumers, the strategy leverages symbolic meaning to align perceived value with consumer expectations. This case demonstrates that successful branding often depends on narrative coherence rather than factual origin, provided the story aligns with product quality and consumer experience. The brand offers a distinctive storytelling through the name that is chosen to be Italian just to convey the idea of made in Italy indirectly which is associated with the idea of luxury craftsmanship legacy refined fashion add luxury. And here we see that the whole Italian presence as a socio-cultural cue can influence on a consumer's behavior and make them think that they are adopting something luxurious while the brand operates the same as Zara [8].

## 6. Montblanc

Wealthy individuals, when conducting business, signing contracts, or negotiating, often pay close attention to the smallest details to gather information about their counterpart or potential partner. In the business world, appearances carry significant weight, and the social cues one projects at the negotiation table can influence credibility, approval, and the possibility of partnership. Showing up with an ordinary Bic pen may undermine that credibility, since your counterpart may be searching for subtle signs to gauge your reliability and worth as a partner. This is precisely the perception Montblanc leverages in marketing its pens (See **Figure 1**). In marketing terminology, the leverage used by Montblanc can be described using several precise concepts. The most accurate terms are:

### 1) Symbolic Branding (or Symbolic Value)

The product is not valued mainly for its functional utility (writing) but for what it symbolizes: status, success, refinement, and credibility in elite environments.

### 2) Status Signaling

In consumer behavior, this refers to using products to signal social position, wealth, competence, or prestige to others. A luxury pen becomes a signal of professionalism and success in a negotiation context.

### 3) Conspicuous Consumption

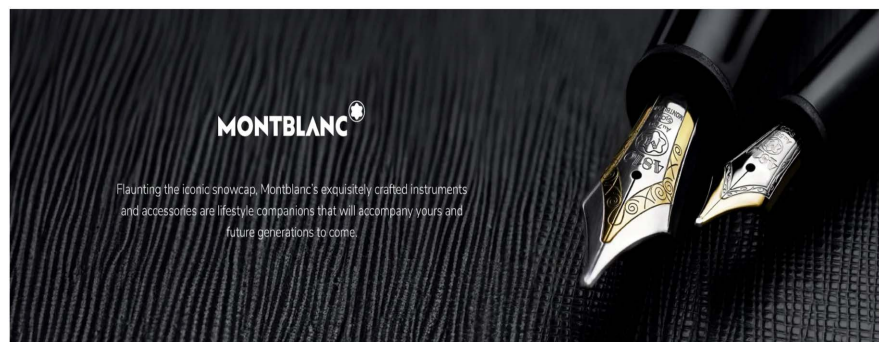
A concept from economics and sociology describing how people purchase luxury goods to display wealth or status publicly, to feel the belonging in a better social class [9].

### 4) Brand Storytelling

This refers to the narrative around heritage, craftsmanship, and prestige that brands create to increase perceived value.

### 5) Signaling Theory

In business and marketing research, this explains how observable cues (luxury items, attire, accessories) communicate unobservable qualities such as competence, credibility, or financial strength.



**Figure 1.** Example of one of Montblanc pens.

Since we're talking about luxury and selling to the ultra wealthy, I thought of mentioning storytelling which is a very necessary component in marketing, when the targeted consumer is from the 1% population with strong purchasing ability.

Here we're using this example to illustrate the importance of storytelling which helps in the assessment of a product. Here, we'd like to use an example from the art industry. One of the most striking examples is Leonardo da Vinci's *Salvator Mundi* (See **Figure 2**), purchased by Saudi crown prince Mohammed bin Salman. Initially displayed at the Louvre Abu Dhabi, the painting was later sold for an astonishing \$450 million. The painting *Salvator Mundi*, attributed to Leonardo da Vinci, was sold at a Christie's auction in New York in 2017, making it the most expensive painting ever sold at auction [10].



**Figure 2.** Leonardo Davinci's painting, Salvator Mundi.

Storytelling plays a powerful role in the art world, especially when selling paintings. It not only generates significant income for artists but also grants prestige and status to buyers. The case of *Salvator Mundi* illustrates the extreme form of value construction through signaling and attribution, which is central to the paper's argument. The painting's record-breaking valuation cannot be explained solely by its physical characteristics, but rather by its attributed authorship, rarity, and symbolic status within the art market. This aligns with signaling theory, as the artwork functions as a positional good, whose value is derived from its ability to convey prestige and exclusivity. By extension, this case reinforces the broader argument that in both luxury branding and cultural markets, perceived value is socially constructed and contingent upon credible signals, rather than intrinsic product qualities alone.

## 7. Conclusions

The comparative analysis of the five cases highlights a common lesson: business success depends less on product superiority than on the firm's ability to align brand meaning, consumer expectations, and market dynamics. While Nestlé demonstrates the importance of cultural adaptation, Nokia illustrates the risks of strategic inertia, and Fenty underscores the consequences of misaligned brand positioning. In contrast, Massimo Dutti and Montblanc show how symbolic coherence

and effective signaling can sustain competitive advantage.

The paper's limitation relies on the fact that further studies can be done regarding the social and cultural aspects of branding, positioning and the psychological aspect that leads a consumer to perceive a product. Because one of the aspects that brands leverage is making people convinced about the fact that they are getting value so it's a matter of perception, it's all psychological. Therefore, further studies can be done following this direction.

A key managerial implication emerges: firms must actively manage not only what they produce, but also what their brand signifies within a given cultural and competitive context. Strategic success therefore requires continuous alignment between brand identity, consumer perception, and evolving market structures.

## Conflicts of Interest

The author declares no conflicts of interest.

## References

- [1] Laamanen, T., Lamberg, J. and Vaara, E. (2016) Explanations of Success and Failure in Management Learning: What Can We Learn from Nokia's Rise and Fall? *Academy of Management Learning & Education*, **15**, 2-25.  
<https://doi.org/10.5465/amle.2013.0177>
- [2] Jia, J. and Yin, Y. (2015) Analysis of Nokia's Decline from Marketing Perspective. *Open Journal of Business and Management*, **3**, 446-452.
- [3] History of Nokia. [https://en.wikipedia.org/wiki/History\\_of\\_Nokia](https://en.wikipedia.org/wiki/History_of_Nokia)
- [4] Arnould, E.J. and Thompson, C.J. (2005) Consumer Culture Theory (CCT): Twenty Years of Research. *Journal of Consumer Research*, **31**, 868-882.  
<https://doi.org/10.1086/426626>
- [5] LVMH, Rihanna to Pause Fenty Fashion Venture, Focus on Lingerie, Cosmetics. <https://www.cnn.com/2021/02/10/lvmh-rihanna-to-pause-fenty-fashion-venture-focus-on-lingerie-cosmetics.html>
- [6] Haigh, J. (2025) Rihanna Loses More than \$60m as Risky Business Venture Bombs. <https://www.news.com.au/entertainment/celebrity-life/rihanna-loses-more-than-60m-as-risky-business-venture-bombs/news-story/8717d81ded6afa2263c158c6e4e6954b>
- [7] LVMH Shuts Down Rihanna's Fenty Brand: Why Did This Happen. <https://wfc.tv/en/articles/celebrity/lvmh-shuts-down-rihannas-fenty-brand-why-did-this-happen/>
- [8] Kilduff, K. and Núñez-Tabales, J.M. (2016) Country Branding and Its Effect on the Consumer in the Global Market. *Cuadernos de Gestión*, **17**, 83-104.
- [9] Han, Y.J., Nunes, J.C. and Drèze, X. (2010) Signaling Status with Luxury Goods: The Role of Brand Prominence. *Journal of Marketing*, **74**, 15-30.  
<https://doi.org/10.1509/jmkg.74.4.015>
- [10] Mafi, N. (2017) Leonardo da Vinci's Work Sells for a World-Record \$450 Million. <https://www.architecturaldigest.com/story/leonardo-da-vinci-work-sells-world-record-450-million>