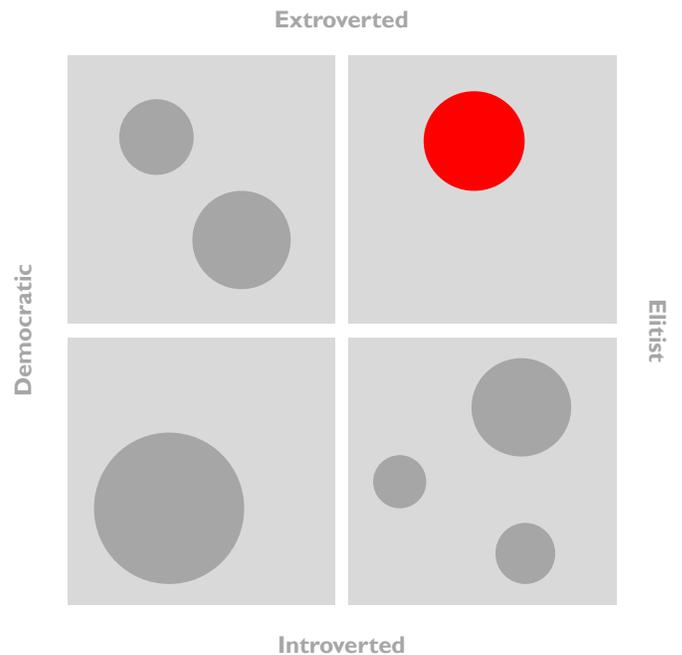


# The two-by-two matrix



Once you strip away all the nonsense, 'brand strategist' is really just a semi-fancy term for describing someone who thinks about brands for a living. Over time, those of us who practice this dark art accumulate a toolkit of instruments to help structure these thoughts: Maslow's hierarchy of needs, SWOT analysis, customer journeys, archetypes, brand equity pyramids and balanced scorecards are just the tip of the iceberg. But these tools don't count for much if we don't take the time to understand them: particularly the types of challenges they were designed to address and the limits of their usefulness. So I thought I'd go back to school and refamiliarise myself with some of the tools of my trade. And I thought I'd begin with the daddy of them all: the two-by-two matrix.

This is possibly the most beloved and often-used of the tools at our disposal. It's a simple way to present complex choices: in just four boxes we can map an entire universe of opportunity and point to the space with the highest potential and lowest competitive intensity (which, almost invariably, ends up being the top right quadrant). And it's a tool with a long, varied and proud history. It's almost impossible to know exactly who to thank for creating the two-by-two matrix, but mathematician/economist John von Neumann was certainly an early proponent. One of the founding fathers of game theory, around a century ago he pioneered the use of two-by-two matrices to portray strategic choices that players in a game might face. The matrix below illustrates a situation in which two competitors face binary choices: Player 1 has a choice of T and B, while Player 2 has a choice of L and R:

		Player 2	
		L	R
Player 1	T	Player 1 gets £4 Player 2 gets £1	Player 1 gets £3 Player 2 gets £2
	B	Player 1 gets £2 Player 2 gets £3	Player 1 gets £1 Player 2 gets £4

Take a moment to consider how each player should choose:

If you're Player 1, you'd pick T, because whichever choice Player 2 makes you're guaranteed a minimum of £3. And if you're Player 2, you'd pick R because this choice also guarantees a payoff of at least £2, regardless of the choice Player 1 makes (incidentally, this type of thinking is what game theorists call a minimax strategy). Lo and behold, we end up in the upper right quadrant of the matrix: (R,T).

This is about as easy as game theory gets (it gets a lot tougher: check out Albert W. Tucker's 1951 Prisoner's Dilemma if you're feeling confident). But it reveals both the wonder and the weakness of using a two-by-two matrix to present strategic thinking: it's an example of what consultants call MECE ("Mutually Exclusive and Collectively Exhaustive" or "Mee-see") problem structuring.

- **Mutually Exclusive**

It relies on the ability to separate a problem into two sets of outcomes that cannot exist at the same time. In the example above, each player faces a binary choice: Player 1 cannot choose both T and B, while Player 2 cannot choose both L and R.

- **Collectively Exhaustive**

It also relies on those being the only choices available – the players cannot be allowed to cheat, change the rules, give up or play a different game instead. T and B and L and R must together represent the entire universe of choices available.

Any strategic problem presented as a two-by-two matrix should satisfy (or at the very least approximately satisfy) the same conditions. Brand consulting isn't a science and it's fair to allow ourselves a little bit of artistic licence. So, if you're developing a two-by-two matrix – or being presented with one - the most important questions to ask yourself are these:

1. Are these genuinely difficult choices between equally attractive positives?

(if the choices aren't "mutually exclusive" then they should at least be "equally motivating")

2. And are these the most important alternatives I have to choose between?

(if the choices aren't "collectively exhaustive" then they should at least be "the best available alternatives")



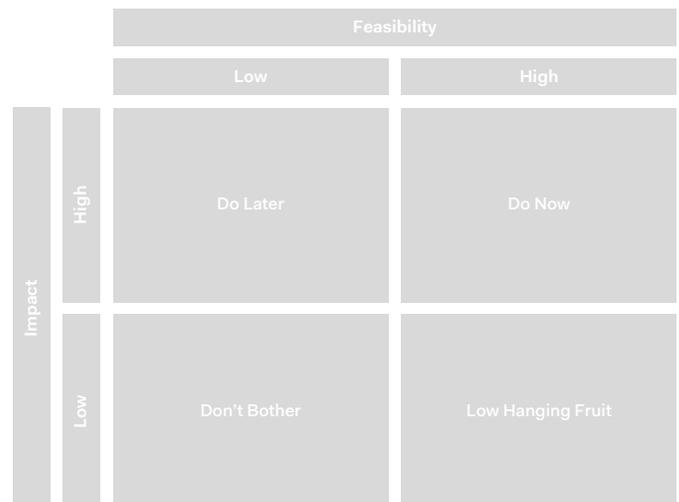
Take the example above. It's fairly typical of the type of positioning map that brand consultants use to structure our thoughts. Are the choices equally motivating? Would someone really struggle to choose between making their brand "rational" or "emotional"? Or is this a false distinction – most brands manage to deliver both functional and emotional benefits. And is a "low cost" positioning just as alluring as a "value add" positioning?

It's also worth pointing out that game theory takes into account what the competition is up to. The riddle to solve is not only what area of the

map might present a desirable space in which to position your brand, but also how to differentiate yourself from the competition. There's no point rushing to reposition in the top right box if that's where everybody else is moving.

True strategy is about hard choices. The more it looks like you're being herded away from a certain quadrant (Price Fighter) and towards others (Customer Champion or Market Leader), the more likely it is you're being presented with a fait accompli. That's not strategy. It's jumping to a conclusion.

And are these the best alternatives you have to choose from? Or is there a more important choice you could be making between being risk-taking or reliable? Optimistic or realistic? Assertive or approachable? The wonderful thing about two-by-two matrices is that their simplicity makes them almost infinitely versatile. They are a great way to get to the very heart of a strategic issue – so there's no excuse for presenting a dreary choice between poor alternatives. The best examples are powerfully simple, like the BCG matrix or the feasibility / impact matrix illustrated below:



It's a simple way to make sensible decisions about where best to invest your resources. I use it to help clients plan their innovation pipelines, or to choose between launch activities. It simplifies a genuinely difficult decision to a point where you can make clear-minded choices. And it focuses the mind on the two most relevant criteria needed to reach the right conclusion.

As much as I appreciate the elegance of a two-by-two matrix, it's not a silver bullet for brand strategy. In fact, it's downright lousy in situations where you need to make a nuanced choice that can't be broken down to four boxes.

The simplicity can be beautiful,  
but it's a brutal simplicity.