The BrainJuicer Herald

Vol. 2 No. 57 BrainJuicer Group plc Annual Report and Accounts 2011 "All the Insights Fit to Test" £2.00

Another Great Year of Progress for BrainJuicer

Beating the Industry Average with Double-Digit Growth.

John Kearon, Chief Juicer, addresses the investor community at InvestorFest on 22 March 2012, sharing BrainJuicer's 2011 results.

2011 was as tough an economic year as anyone can remember and yet BrainJuicer still managed to grow by an impressive 27%. Unlike many double-digit annual growth rates, BrainJuicer's was achieved organically and was the fifth consecutive year of such growth as a Public company.

So what's the secret? According to their CEO and Chief Juicer, John Kearon, "Energy, perseverance and creativity conquer all things. For 12 years we've been reinventing the way market research is done, applying a generation of breakthroughs in behavioural economics to better understand and predict people's behaviour and produce more effective marketing."

The world's usually conservative multinationals seem to be beating a path to BrainJuicer to try their unorthodox approaches. Maria Salazar, Marketing Manager, SC Johnson, "For SCJ this was our first time trying ComMotion™. Based on the great results of the test and (I hope) the business too… I expect this ad testing methodology to become our best tool in the future. Thanks for helping us to look at things from another angle (system 1) with tons of facts (system 2)."

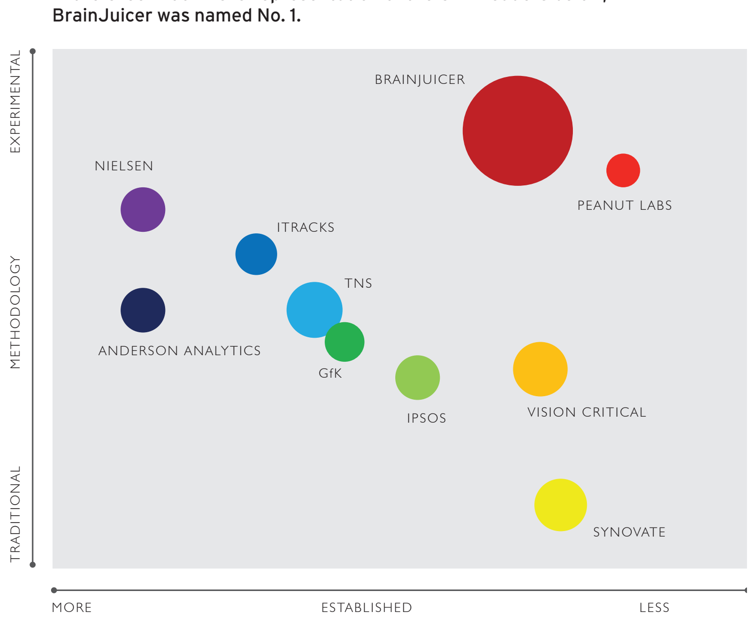
To meet this growing demand from multinationals, BrainJuicer has expanded in America, Europe and in the growth markets of China and Brazil, where the approach is meeting similar enthusiasm. Dylan Lu, Marketing Director Sweets & Refreshments SBU, Greater China, The Hershey's Company. "BrainJuicer offers breakthrough and innovative research technologies, helping international brands to win in the China market."

The company's innovative reputation continues to grow and over eight hundred agency and client researchers globally weighed in and by a factor of two, voted BrainJuicer Most Innovative Agency for the second year running in the GRIT report. Omar Mahmoud, Chief Market Knowledge Officer, UNICEF, "BrainJuicer is the Apple of market research! It is pioneering, game-changing, rich in applications, user-friendly, and fun to work with."

Market research is still conservative but BrainJuicer's fresh, dogma-busting approaches are certainly exciting many and turning a traditionally dry industry into something really "Juicy".

> "For 12 years we've been reinventing the way market research is done, applying a generation of breakthroughs in behavioural economics to better understand & predict people's behaviour and produce more effective marketing."
>
> – John Kearon, Chief Juicer

In the GreenBook 2010 representation of the GRIT leaders below, BrainJuicer was named No. 1.



BrainJuicer Lands Top Spot in the Innovative Top 50

According to this year's GRIT report, everyone has been talking about BrainJuicer. Peers, competitors and research buyers all agree – for the second consecutive year.

Leonard Murphy
Editor-in-Chief, GreenBook blog

The following is an excerpt of the 'GRIT Sneak Peek', originally posted on the GreenBook blog on 15 January 2012.

In its 10th year, GRIT is the leading and most comprehensive survey of our industry.

GRIT-Winter 2012 continues to track trends that it has traditionally focused on, including the adoption of emerging technologies and methods. For the second time, the survey will also try to uncover which firms are considered to be "the most innovative". Last, but not least, this edition of GRIT studies the extent of the belief that the market research industry is changing, the sentiment around that belief, and its impact on your business.

As always, the GRIT study promises unparalleled insights into how research buyers and providers are adapting to the current economy, to emerging technologies, and to the winds of change buffeting our profession and our industry.

Beginning in 2010 we decided to start tracking which firms were perceived as most innovative within the global market research industry. Last year we came up with a list of the Top 50 Market Research Firms Perceived to be Innovative to much fanfare by the industry.

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Marketing Magazine Names BrainJuicer 'Best Agency'

BrainJuicer Wins Title for the Second Year in a Row.

Gemma Charles
Public Affairs Editor, Marketing magazine

The article below first appeared in the December 2011 issue of Marketing magazine.

"Continuing high levels of innovation, investment and business growth have led this mould-breaking research agency to scoop Marketing's title for the second successive year" wrote Gemma Charles, in December 2011.

BrainJuicer has been named Marketing's Market Research Agency of the Year for the second year running, following an impressive 12 months in which it not only grew its business, but also continued to invest in innovation and its people.

The judges were full of praise for the 12-year-old online research company. 'It is pleasing to see BrainJuicer continuing to drive forward the boundaries of effective research through great, creative methodologies, which clearly inspire its people and clients,' commented one.

Across its four core competencies – ideas and insights, concepts, communications and customer satisfaction – BrainJuicer operates on the principle that market research should be 'mind-expanding and profit-enhancing rather than risk-reducing'. This is effective, it claims, because most research measures the wrong things, therefore wasting marketers' money. PepsiCo UK marketing director Lee Sargent is one of many clients to have bought into this philosophy; he engages with the agency when he needs 'step-change thinking'.

The approach has paid off for BrainJuicer; its most recent half-year figures show 26% revenue growth and operating profit growth of 24%. It has achieved this by nurturing existing clients, earning high levels of repeat business. Globally, the agency now has more than 165 clients, predominantly big consumer-facing companies, including 12 of the world's top 20 buyers of market research.

The agency is not standing still, however. BrainJuicer Labs, its R&D arm, is seeking to create tools to sit alongside 'Juicy' and 'Twist', its established ones. Areas of investigation in Labs include methodologies that apply 'gaming' principles to research, to encourage response rates and elicit greater and more reliable truths, and mobile ethnography. The latter has already informed an academic paper on binge-drinking in the UK, which found many factors fuelling the problem that may otherwise have been undiscovered by traditional methods.

BrainJuicer's people ethos is centred on three tenets: autonomy, mastery and purpose. These allow staff to control the way they work, support training and capability and nurture personal passions. The agency is also hardwiring the pursuit of client 'delight' into its employees' performance measures. From this year, staff at client director-level and below will be assessed on their teams' ability to achieve high levels of total customer satisfaction as expressed in a 'happiness' measure from its own customer-satisfaction tool.

> "Many agencies catch fire, burn brightly and then fade, so to win for a second year running is a testament to how good this organisation is."
>
> – The judges

The judges' verdict on this mould-breaking outfit: 'Many agencies catch fire, burn brightly and then fade, so to win for a second year running is a testament to how good this organisation is.'

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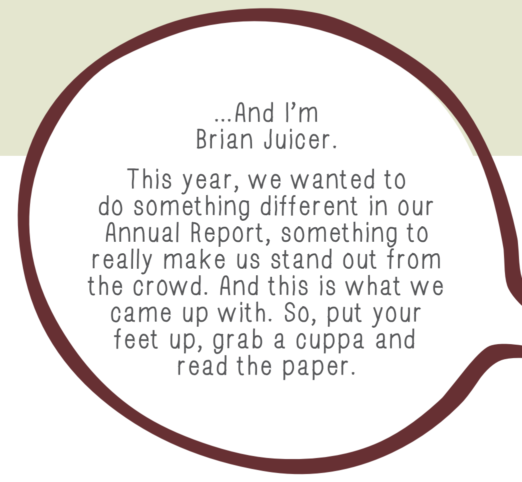
Fresher Insights, Better Marketing

News

We are BrainJuicer

We're an unconventional agency, reinventing market research to help our clients better understand and predict people's behaviour.



Here at BrainJuicer, we squeeze people's brains until they confess something fascinating. We do it in very innovative ways and according to our clients, it's fresh, it's inspiring and it's like nothing they've tasted before. So when it came to this year's annual report, it only made sense we create something radically different and fresh, to challenge the norm. Just as our clients enjoy the fruits of our creative approaches, we hope you enjoy this unusual format for an annual report.

Our mission is simple: "To inspire brave clients to do great marketing by translating a generation of breakthroughs in psychology, behavioural economics and social sciences into Juicy tools that better understand & predict people's behaviour."

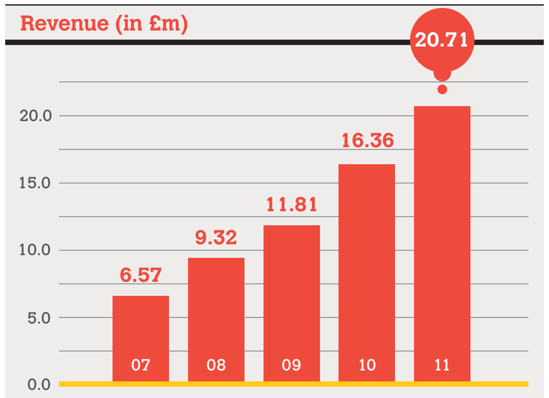
Since 1999, that mission has enabled us to provide our clients valuable and actionable insight from the "fuzzy front end" of the innovation funnel to the "moment of truth" in the shopper journey. By challenging the idea that consumers are rational decision-makers and using our own emotion-based tools to better understand people's behaviour, we are challenging and changing the face of market research. In 2011, we conducted our Juicier research with 199 clients, in 63 countries, including 12 of the top 20 global buyers of market research.

During the last year, we've again been acknowledged by the industry for our serial innovation and excellence in our four core competencies: generating new ideas and insights, screening for the most potent ideas and insights, assessing the strongest advertising and measuring customer and staff satisfaction. We've grown our global presence to 12 offices in 9 countries, added award-winning employees to our team and contributed thought leadership to the research industry at events, conferences and in trade magazines. The articles in this issue of the "Herald" are mainly reprinted from industry publications throughout the past year.

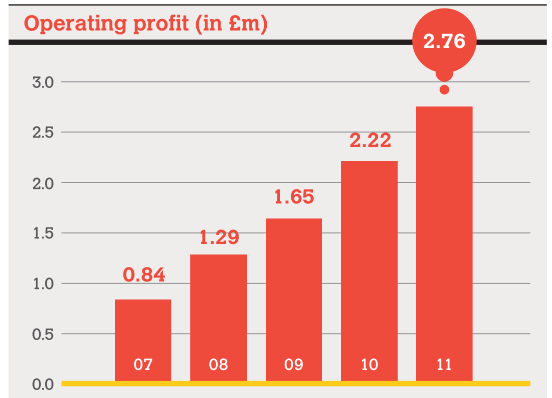
So kick back and we hope you enjoy our Juicy annual report.

An Overview of 2011's Operational & Financial Highlights

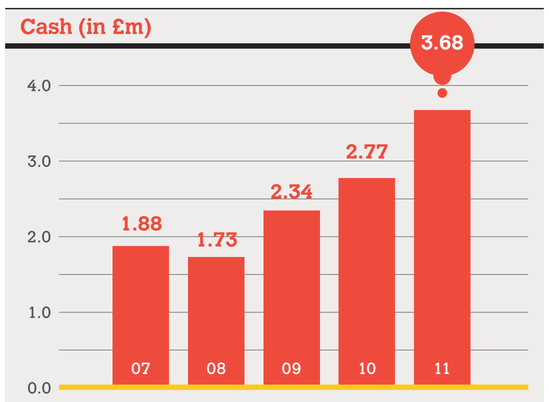
Revenue (in £m)



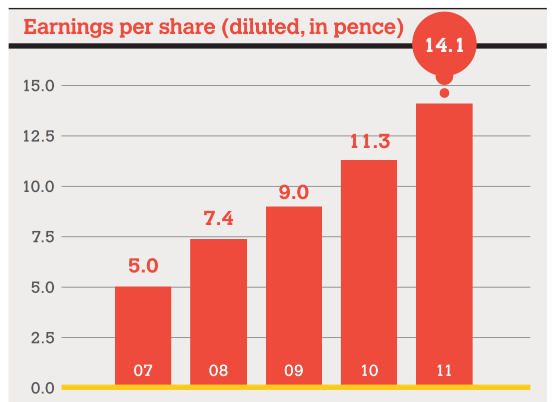
Operating profit (in £m)



Cash (in £m)



Earnings per share (diluted, in pence)



OPERATIONAL HIGHLIGHTS

- Strong growth in the United States, Germany and Switzerland
- Fourth US office opened in Atlanta, Georgia
- Average headcount up, to 124 (2010: 91)
- Voted Most Innovative Agency, GreenBook's Research Industry Trends Report
- Market Research Agency of the Year, Marketing magazine
- Management team further strengthened

FINANCIAL HIGHLIGHTS

+27%
revenue growth to £20,713,000
(2010: £16,360,000)

+25%
growth in fully diluted earnings per share to 14.1p
(2010: 11.3p)

+25%
growth in interim and proposed final dividend to 3.0p
(2010: 2.4p)

+27%
gross profit growth to £16,063,000
(2010: £12,622,000)

+24%
growth in operating profit to £2,758,000 (2010: £2,216,000)

+33%
growth in cash to £3,683,000
(31 December 2010: £2,770,000)
and no debt

+24%
growth in profit before tax to £2,760,000 (2010: £2,217,000)

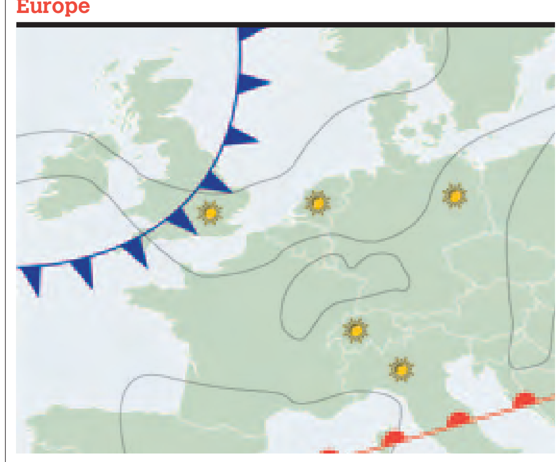
+25%
growth in profit after tax to £1,850,000 (2010: £1,480,000)

residual Unilever Ventures stake placed with institutional investors

Weather

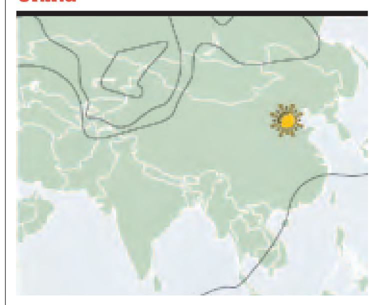
BrainJuicer maintains client-facing offices at these global hot-spots.

Europe



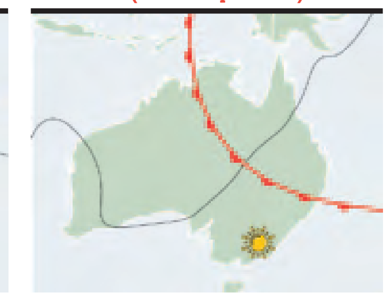
North America

China



South America

Australia (licence partner)



On behalf of our clients, BrainJuicer conducts research in the following 63 countries, rain or shine:

	Avg. °C	°F*	Typical Weather
Argentina	17	63	Sunny
Australia	14	57	Sunny
Austria	11	52	Showers
Belgium	12	54	Fair
Brazil	23	73	Sunny
Canada	-2	28	Fair
Chile	15	61	Sunny
China	14	57	Showers
Colombia	14	55	Showers
Croatia	13	55	Fair
Czech Republic	8	46	Showers
Denmark	7	45	Showers
Ecuador	15	59	Showers
Egypt	21	70	Sunny
El Salvador	24	75	Sunny
Finland	3	37	Cold
France	11	52	Fair
Germany	9	48	Fair
Greece	16	61	Sunny
Guatemala	21	70	Sunny
Honduras	23	73	Showers
Hong Kong	22	72	Sunny
Hungary	12	54	Fair
India	29	84	Sunny
Indonesia	28	82	Sunny
Iran	16	61	Sunny
Ireland	9	48	Showers
Italy	14	57	Fair
Japan	14	57	Fair
Kenya	19	66	Showers
Malaysia	28	82	Showers
Mexico	18	64	Sunny
Morocco	16	61	Sunny
Netherlands	9	48	Fair
New Zealand	14	57	Sunny
Nigeria	28	82	Showers
Norway	6	43	Fair
Oman	29	84	Sunny
Pakistan	26	79	Sunny
Peru	21	70	Showers
Philippines	29	84	Sunny
Poland	8	46	Showers
Portugal	16	61	Fair
Qatar	28	82	Sunny
Romania	12	54	Fair
Russia	5	41	Showers
Saudi Arabia	25	77	Sunny
Singapore	28	82	Sunny
Slovak Republic	9	48	Cold
South Africa	17	63	Fair
South Korea	11	52	Fair
Spain	12	54	Showers
Sweden	4	39	Showers
Switzerland	9	48	Showers
Taiwan	21	70	Sunny
Thailand	30	86	Sunny
Turkey	11	52	Fair
UAE	33	91	Sunny
Ukraine	8	46	Fair
United Kingdom	9	48	Showers
United States	14	57	Fair
Venezuela	22	72	Sunny
Vietnam	24	75	Showers

*Countrywide averages, typical for the month of April

We're now nearly 140 strong in 11 offices. We are continually expanding geographically and our new offices in Brazil and China are making good progress.

In our quest to develop trusted advisor relationships with an increasing number of multinational clients, we are required to continually expand our scales of operation and our credibility as a global research partner.

In 2011, we opened an office in Atlanta, Georgia to better serve our clients in the American South and Southeast. The Atlanta office is the fourth US client-facing office established in the seven years since BrainJuicer opened its first US office in New York City in 2005. With offices now located at four of America's largest centres of commerce – Atlanta, New York City, Chicago, and Los Angeles – BrainJuicer now has the capability to deliver personal and expedient service to clients in all US regions.

BrainJuicer is also expanding its European presence, adding a client-facing office in Milan, Italy to join its existing offices in the United Kingdom, the Netherlands and Germany. In addition, in 2011 BrainJuicer moved its Netherlands operations from Rotterdam to the more centralised location of Amsterdam to better serve its clients in the BeNeLux region.

Currently, BrainJuicer has a total of 11 client-facing offices on five continents. Aside from North America and Europe, BrainJuicer has operations in Brazil and China, both established in 2010, and an affiliate in Australia.

In 2010, CNBC said BrainJuicer was a "hot brand to watch".

Read our 2011 highlights to see how well we did.

Where do Good Ideas Come From?

Insights don't just fall from trees. **Richard Shaw,** DigiVisionary in the Juice Generation Team, explains why not in the following blog post.

Richard Shaw
DigiVisionary, BrainJuicer Juice Generation Team

The blog post below first appeared on 23 August 2011 on the Marketing Society blog.

Richard Shaw, DigiVisionary, ponders the origin of ideas.

Last week Google splashed out $12.5bn for Motorola Mobility, and what did Google get for this big lump of cash? 17,000 patents, or 17,000 ideas to use for further innovation (and to fight lawsuits with). The recent battles over patents and the continuing chatter of knowledge and innovation strongly hint at one thing: now, more than ever, ideas are important.

There are some good reasons why a great idea fetches a higher price than a barrel of oil. Good ideas allow businesses (especially in mature markets like the US and Europe) to compete effectively; to take advantages of opportunities; to develop more ideas; to do something interesting; to improve their bottom line; and much more, depending on the idea and the business.

Clearly, a good idea is worth its weight in gold, but where do they come from?

Firstly, ideas don't come from one place. One of the greatest fallacies which continues to permeate the collective consciousness of Western society is that of the 'eureka moment', a sudden flash of inspiration when everything becomes clear. As Steve Johnson explains in his book Where Good Ideas Come From, eureka moments are very rare. The reality is that the creation of a good idea takes time. As Bill Buxton attests in his Businessweek article 'The Long Nose of Innovation', ideas are initially very messy, unrefined and maybe not especially useful. It takes time for a raw idea to develop and be refined into a good one.

Ideas are never completely original. Ideas beget other ideas and new ideas are an amalgamation of those that have come before them. Stuart Kauffman's notion of the Adjacent Possible does a great job of explaining this process. The Adjacent Possible refers to everything that is possible by combining what we already have; for instance all the elements which made up the Gutenberg press – the movable type, the ink, the paper – had all been invented before the press itself, and only by putting them together could the Gutenberg press have been conceived. The interesting implication being that each step you take leads to a whole new set of possibilities. Whilst the Adjacent Possible helps us consider what can be created, it also reminds us of the limits of creation. At any given point in time there are only a certain number of possible ideas adjacent to where we are now.

Another essential requirement is openness. Only by having ideas openly available to others can new ideas be built from them. This view is in complete opposition to that taken by companies like Apple who go to great lengths, not only to keep their ideas, but also people within their own organisation secret from the outside world. The great hypocrisy here being that a lot of the ideas developed by private companies wouldn't exist if the scientists, inventors and thinkers of the past hadn't freely given away their ideas. There would be no 'Apple I' if it didn't have the work of people like Alan Turing at its foundation. The common reaction to the open approach is that it will never work in a cut-throat commercial environment. This despite programmes like Nike's GreenXchange, which allows people to easily license patents to use in non-competitive areas, and which demonstrates that it's possible to walk the line between openness and competitiveness.

Serendipity is a factor Steve Johnson highlights as a platform for good ideas; the happy coincidences which lead to chance scientific discoveries. These include discoveries of everything from penicillin to Viagra. The interesting thing about serendipity is that it isn't completely out of our control. Psychologist Richard Wiseman argues that by increasing the opportunities for serendipity to occur, by listening to your hunches and by expecting positive outcomes, you can foster an environment which favours serendipity.

One of the (potentially scary) ways of engendering serendipity is through failure. The 'paradox of success' is that you need failure to achieve it (a belief that BrainJuicer has been abiding by since its origin). By doing things wrong or messily you increase the chance of two ideas colliding and creating a worthwhile outcome. By introducing some chaos and failing in the right way – with minimum cost, failing quickly and with a view to turn failure into an opportunity – you can help foster a more creative, serendipitous environment.

Finally, good ideas need to be communicated effectively. Ideas can only join with other ideas and become part of the Adjacent Possible if people understand them. The better an idea is communicated, the more people will understand it and the greater chance it will have of connecting with other ideas. According to Saul Alinsky, people can only understand things which are in the realms of their own experience; ideas coming from the Adjacent Possible are by definition outside the realms of people's experiences, which means you need to work hard to articulate those ideas.

And that is where good ideas come from.

For more BrainJuicer blog posts, visit http://blog.marketing-soc.org.uk

« continued from page 01

That list was compiled by a simple open-ended unaided awareness question: which MR firms do you consider to be most innovative? [This year] here is what we did:

1. Using an unaided awareness verbatim question, we asked respondents to list the three companies they considered to be most innovative.
2. We then asked them to rank those firms from most to least innovative.
3. Finally we asked another verbatim in reference to their number 1 ranked firm on why they considered it to be most innovative.

Using the aggregate of the 1–3 ranking question we developed a list of 84 companies that received multiple mentions. From that list we have narrowed it down to the Top 50 for additional analysis. We're looking at differences between Client vs. Supplier respondents, tenure in the industry, geographic location, preferred methods of gaining information about the industry, sample source, and of course the coded responses for why they are considered innovative. We're looking at these data in multiple ways in order to glean insight on the drivers of perception around what makes a firm innovative with the hypothesis that these firms will help drive the repositioning of the industry in years to come and are growing despite the numerous challenges to the industry as a whole right now.

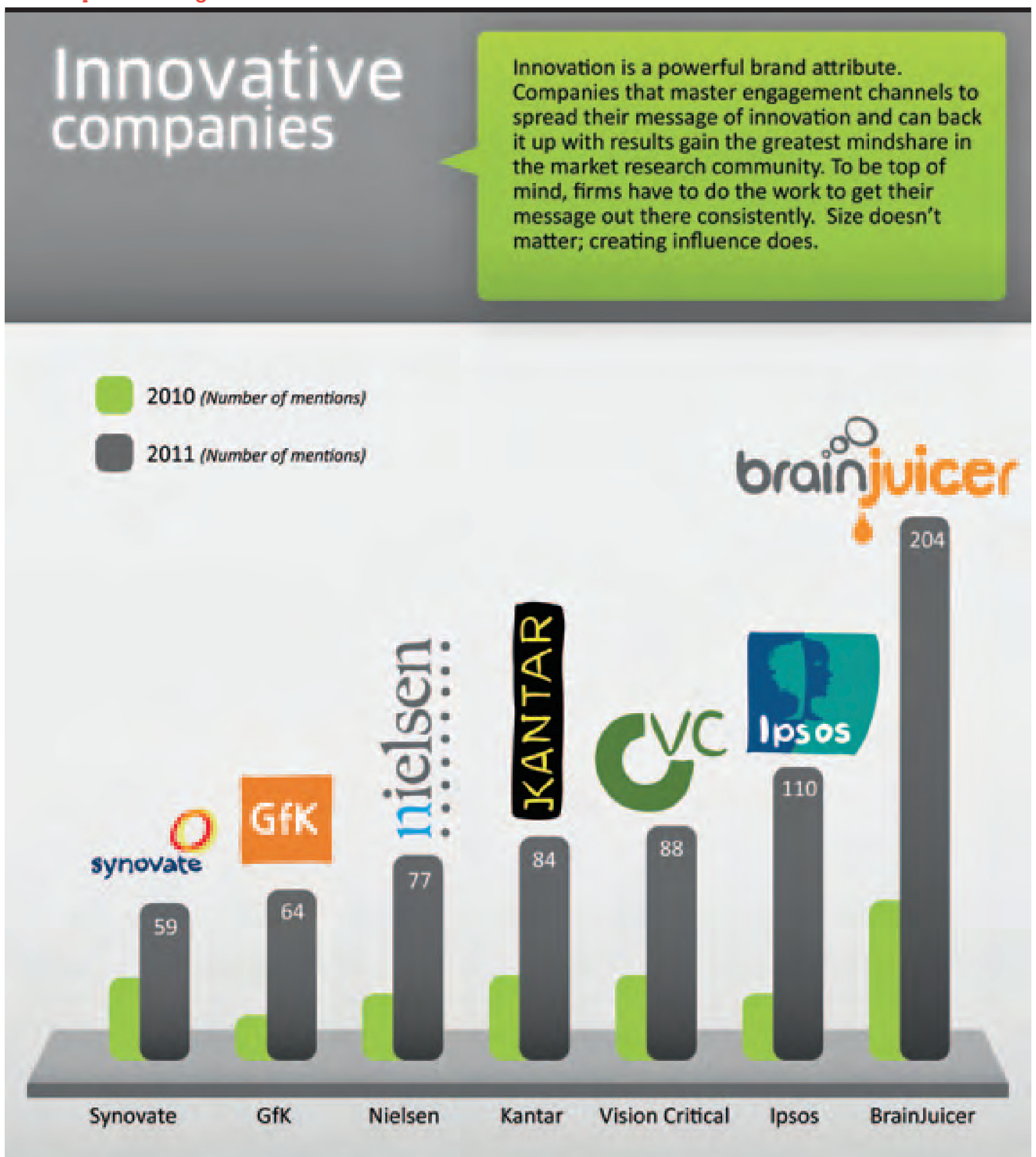
Despite what some might think, it is NOT a popularity contest; we truly want to understand how MR firms are capitalizing on the idea of "innovation" to grow their businesses, and we believe that this list, developed by our peers with in the industry, is a true measure of how successfully these companies are leveraging this brand attribute.

So, without further ado, I give you the GRIT Top 10 Innovative Firms!

Read the full report at www.greenbookblog.org

Of course, BrainJuicer remains the master of this art; at every turn they make innovation the underlying theme of their brand message and continue to drive awareness of both new approaches and, more importantly, new thinking within the industry. They were ranked number #1 almost twice as often as Ipsos making them the clear owners of the "market research innovation" message.

GRIT Report Ranking



Most Innovative Companies as judged by the most recent GRIT report – BrainJuicer takes top honours.

GREENBOOK GRIT

BrainJuicer is again voted as Most Innovative Agency.

For 10 years GRIT has been the leading and most comprehensive survey of our industry. Pick up your copy of the 2012 GreenBook Research Industry Trends Report.

www.greenbook.org

HOW TO UNCOVER GREAT INSIGHTS AND IDEAS IN 3 EASY STEPS

1. GENERATE

First, throw away your preconceived notions – brainstorming sessions notoriously yield few, if any, great ideas. Yet great ideas can emerge when you immerse yourself in the world of the consumer and actively listen. By opening up communication channels, you'll learn the answers to the questions you didn't know you needed to ask. You'll get to a place traditional research has never gone before – to deep understanding, to those underlying human truths. We have tools to help you get there.

2. ARTICULATE

Second, distil your findings and usher your freshest insights to the front of the line. At this point, it's important to tweak the language just right. You're aiming for brevity and focus. That means expressing insights with clear and effective wording and ensuring that you're connecting with your target audience. Sound easy? Be careful: the difference between a bonafide success and an utter flop can be infinitesimally small. But fear not! We have expert advisors poised to help you write them.

3. VALIDATE

Third, test those carefully worded insights with our Insights Validator®. Thinking about skipping this step? Think again. Our Insights Validator® is the world's first and only quantitative insights validator, based on knowledge gained from testing over 4,000 insights globally. With our Insights Validator®, you'll avoid the dismal 1 in 5 odds of success that come with traditional methods and walk away with a SpringSight® – an insight so powerful that it takes your brand in an entirely fresh direction.

Sound Good?

LET OUR JUICE GENERATION TEAM HELP TODAY!

E-MAIL US FREE

juicegeneration@brainjuicer.com

Features

Death of Innovation

John Kearon examines the heretical proposition that the adoption of 'marketing science' is the reason why large corporations no longer seem capable of creating the kinds of new category innovations that made them big in the first place. He argues that it is freedom from the constraints of marketing science that has enabled small startups to innovate and initiate new behaviours.

The article below first appeared in the Q4 2010 issue of Market Leader.

John Kearon
Chief Juicer, BrainJuicer

If Red Bull had heeded early market research, it would not have become the huge success it is now.

As marketing's second century gets into full swing, the world economy is coming out of the worst financial meltdown in living memory. Gone for now are the endless rounds of mega-mergers that have created little or no value for anyone other than senior management of the companies involved.

However, just as the devastation of forest fires has been found to be necessary to the healthy regeneration and increased biodiversity of flora and fauna, so it is with human crises. America, Japan and Germany all emerged stronger from their 20th century postwar crises and my prediction is that it will be the same for most of the developed world, so adversely affected by the recent financial meltdown.

The good news for marketing is that organic growth and innovation are back at the top of every company's agenda, and any get-rich-quick financial engineering will hopefully be treated with the deep suspicion it deserves for at least a generation.

There is every possibility that in the next 20 years we can be part of an innovation renaissance, creating new categories and brands that generate huge and lasting value for those companies brave enough to seize the organic growth opportunity. The bad news, and the crux of this article, is this inventive renaissance will not come about through the disciplined and faithful application of 'marketing science'.

It will not be MSc-bearing graduates of marketing courses in the vanguard of this new era but engineers, designers, inventors and entrepreneurs who instinctively understand what it takes to challenge the status quo and originate new categories capable of creating the most enormous value.

When originating a new category, everything has to be invented, everything is new and by definition contrary to the way things are. Trying to research new category ideas is pretty near impossible since people are notoriously bad at predicting whether they will adopt new behaviours in the future and generally reject such changes as alien and odd.

Examples of hugely successful brands that originated their category but which failed disastrously in market research include Sony Walkman, Bailey's Irish Cream, Post-Its, Perrier (in the UK), Red Bull and Cashpoint machines.

Originating new categories takes mavericks and contrarians, people prepared to follow their intuition and passion about an idea or a belief in the face of opposition, against the status quo and without being able to prove the opportunity in advance of actually doing it. They tend to be utterly focused on the product, like an engineer or inventor would be, and not on the consumer.

The mavericks that create new category brands are not generally found in large corporations, or at least not for long. By definition of railing against the status quo, these people tend to exist at the fringe, which is why real change and challenge nearly always comes from the fringes and gravitates to the centre, in time to become the new status quo.

What big corporations tend to do best is the industrial farming of existing category brands. Just like farming, the crop exists, its qualities are known, how best to grow it, when to plant, how best to fertilise and protect, when to harvest and even how to add additional value to it to maximise the yield. If blue ocean innovation is the originator of a whole new crop, the vast majority of big company marketing is the clever, efficient husbandry of that crop.

Marketing science, largely popularised in the 1950s and 60s in the US, introduced the rules and rigour of managing brands and improving their yield. Its logic and potency were compelling and its ability to add significantly to the yields of existing category brands has made it a universal practice in all large companies.

The early enthusiasm was captured by Robert Keith in an article called 'The marketing revolution' in the 1960 Journal of Marketing. 'When all the operational units of the organisation are finally focused on the consumer then the marketing revolution will be complete.'

The problem with putting the consumer first when it comes to originating new categories is that people instinctively reject new behaviours, and it takes inventors/entrepreneurs to ignore these reactions and do it anyway.

My central challenge to marketing science is that while it has done much to increase brand yields and add real value to corporations, it has actively hindered their ability to create the new category blue ocean innovations that made them big in the first place.

New category origination is left almost exclusively to startups driven by an inventive spirit and freed from the constraining influence of marketing science. The reason this should matter to large corporations is that the brands that originate a new category create much more value than the subsequent value of farming brands within the category.

It matters to the wider economy because not only do brand originators tend to be market leaders and usually the most profitable in the category, they can also lay claim to originating the 'category crop' from which other companies also profit.

Surprisingly, there is good evidence for my heretical challenge.

A study of Unilever would suggest that around 70 percent of its profits come from brands that created the category in which they are generally brand leader. Unilever can lay claim to have originated many categories: washing powder with Persil, frozen foods with Birds Eye, clothes conditioner with Comfort, nonabrasive cleaning with Cif, margarine with Stork, ice-cream desserts with Viennetta, moisturising soap with Dove, teenage body sprays with Impulse and Lynx and adult handheld ice cream with Magnum.

Many of these were created before marketing science ruled the roost and others, such as Magnum, Impulse and Lynx, were launched in the 1980s when Unilever was a highly decentralised, federal organisation where marketers had a great deal of autonomy and innovation flourished at the fringes of the organisation.

Impulse originated from a particularly innovative brand team in South Africa and Magnum was created in Austria, so the story goes, between the marketing director at the time and his neighbour, who manufactured high quality chocolate.

The most important point is that all Unilever's new category brands were invented before its much-lauded and copied move to innovation centres in the 1990s.

The logic of taking your best people, focusing serious resources and centralising the efforts within an innovation centre, is hard to argue with. The only problem is that for almost 20 years it has patently failed to help Unilever originate the sort of new category brands that deliver the majority of the company's profits.

The innovation centre model is good at creatively farming existing brands and has added significant value to the likes of Dove, Lynx and Flora. However, as a model of innovation it is too centralised, too evidence-based, too marketing-science orientated to have the freedom and contrariness to originate new categories that can create even greater value.

Unilever isn't an isolated example: eight of the top ten brands in the world originated the category in which they operate – as did almost half of the top 50 (see Figure 1). These new category brands were and still are the cornerstones of the great fast-moving consumer goods companies of today: Coca-Cola, Gillette, Kellogg's, Nestlé.

It is odd that these world-class marketing companies have failed to maintain their ability to originate new categories, leaving the job largely to small entrepreneurs such as Red Bull and Innocent. Outside of fmcg, the most significant new categories have again been originated by startups with an inventive bias, and at the same time few formal marketing skills such as Apple, Amazon, Dell, Google, Facebook and Twitter.

Giants versus Startups (fig 2)

Existing category innovations – Big companies	New category innovations – Startups
Consumer led	Product led
Trend led	Idea led
Image driven	Belief based
Big ideas worth the effort	Niche ideas that can grow
Think big	Think small
Act big	Act small
Avoid failure	Embrace failure
Avoid controversy	Embrace controversy
Please shareholders	Please yourself
It's a job	It's your life
Politics	Perseverance
Look before you leap	Leap and the safety net will appear
Advertise the innovation	Promote copying of the new behaviour
Let it go if it doesn't work	Never give up, never ever give up
Ready, aim, fire	Fire, ready, aim

The Rules for originating a new category brand

The rules for originating a new category brand depart markedly from classic marketing science as practised in big company innovation centres (see Figure 2).

The most heretical of the rules for new category brands has to be the practice of ignoring the consumer (at least at first) while focusing on inventing something truly blue ocean and then, and only then, connecting it back to consumers.

And then working out how best to engage them with the idea and encourage them to embrace the new behaviour that goes with the new category.

This is obviously completely at odds with marketing science's central tenet of being consumer led, but true when it comes to new category innovation, as captured in the Sony chairman's quote: 'The consumer doesn't know what they want. It is for us to invent it for them.'

Entrepreneurial companies such as Red Bull, Innocent, Apple and Google demonstrate that a passionate, product-led approach is the best way of creating new category brands.

1. Don't look for big ideas, seek small ideas that can grow

In current marketing parlance, small ideas are defined only as niche and not worth the bother. Certainly some ideas are destined to be niche, such as products sold only at Christmas. However, even those assumptions are dangerous, as shown by Cadbury's Creme Eggs, originally sold for Easter but which now sell all year round.

The world's top 50 brands (fig 1)

1. Coke	28. Ikea
2. IBM	29. Sony
3. Microsoft	30. Budweiser
4. GE	31. UPS
5. Nokia	32. HSBC
6. McDonald's	33. Canon
7. Google	34. Kellogg's
8. Toyota	35. Dell
9. Intel	36. Citi
10. Disney	37. JP Morgan
11. HP	38. Goldman Sachs
12. Mercedes	39. Nintendo
13. Gillette	40. Thomson Reuters
14. Cisco	41. Gucci
15. BMW	42. Philips
16. YSL	43. Amazon
17. Marlboro	44. L'Oréal
18. Honda	45. Accenture
19. Samsung	46. eBay
20. Apple	47. Siemens
21. H&M	48. Heinz
22. American Express	49. Ford
23. Pepsi	50. Zara
24. Oracle	
25. Nescafé	
26. Nike	
27. SAP	

The world's top 50 Brands

Brands that originated their category

Source: Interbrand 2009 study

But what consumer-led marketing fails to recognise in its drive to work on big ideas is that all new category brands start life as small. Anything that originates a new market and changes the status quo starts small and takes time to grow.

Big company innovation centres work on ideas that will make a significant difference in one to three years from launch. Startups by contrast are working with niche ideas that could be the beginning of a whole new category but take at least five to seven years to get noticed, and the next five to seven years to develop before you then see explosive growth.

You only have to think of the valuation of Google in its first six years (where it made no profits and had a low valuation), since when it has become one of the world's largest companies, with a market cap of more than £100 billion.

When Perrier first launched in the UK, research conducted said there was no way anyone would pay £1 for a bottle of fizzy French water. Thirty years later Perrier has been responsible for originating a £1.2 billion waters market in the UK alone. New category brands take time to grow but when they do, they far outstrip the best performance of existing brands.

Ironically, the big marketing companies have the resources for this type of longterm strategy, but the drive for short-term shareholder value means they don't have the patience for it.

2. Fail fast, fail often and learn but never, ever give up

Another paradox of successfully originating a new category innovation is that you need failure to achieve it. Failure is the essential ingredient that nobody talks about or acknowledges and everyone tries desperately and understandably to avoid.

But as any inventor, creative or entrepreneur knows, great ideas are not born perfect but are forged in the furnace of trial and error. As Darwin showed, trial and error is the simple but brutal algorithm of life. This seemingly random but amazingly productive cycle of mutation and natural selection has produced the whole of the abundant diversity of life on Earth.

Niels Bohr, the Nobel Prize-winning physicist, said about progress in any field: 'Mistakes are at the heart of progress, so our challenge as scientists is how to make more mistakes faster.'

No one likes to fail and companies are no different, perhaps worse, but it seems failures are an inescapable part of successful invention and originality. Thomas Edison, one of the most prolific inventors ever, famously said: 'I now know over a thousand ways not to make a light bulb' and tellingly, the first successful Dyson vacuum cleaner was model number 5,127.

What both these inventors embraced is the power of experimentation, where each new mistake teaches you something and the more audacious and new the mistake, the greater the learning.

The challenge is to stay afloat long enough to eventually succeed. In my experience, large companies embrace the need for trialling ideas but it's the failure part they struggle with.

Failure is not generally good for careers and the tendency is to be too conservative, to narrow the field too quickly, to keep experimentation to a minimum and make every effort to reduce the risks of failure.

3. Don't advertise, promote copying of the new behaviour

As Mark Earls points out in his book *Herd*, 'we're much less individual than we think we are and much more influenced by other people than we would care to admit'.

His argument is that the most successful marketing and commercial success comes about through copying rather than formal advertising. And this is particularly true of new category brands because they involve a new behaviour.

Harry Drnec, as a classic entrepreneur, knows this and before founding Red Bull he singlehandedly originated the UK bottled lager market when he brought in Sol beer from Mexico and persuaded Soho summer pub goers to drink it with a slice of lime in the top.

Standing outside with these bottles, both the brand and the behaviour were easy to see and copy and both spread like wildfire and initiated the explosion in the bottled larger market.

Formal advertising has its role in successful farming of existing brand categories, but not only can new category brands not afford it, they do far better by thinking up creative ways to get their brand seen and encouraging people to copy the change of behaviour.

Conclusion

If big companies want to launch new category brands and reap the huge rewards on offer, they have at least a couple of choices. They can try to buy the startup about seven years in, when the company has yet to witness the explosive growth that could follow. But critically they should leave the startup free to develop their brand outside of the corporate strictures.

Trying to make them part of the corporate mother ship is the surefire way to destroy their potential as KP did with Phileas Fogg, a brand largely forgotten but which originated the whole adult, premium crisps market.

Another route would be to create or fund their own startups. The nature of startups makes this sound risky but the investment is probably one-thousandth of that invested in innovation centres and the chances of success higher because its structure is better adapted for survival.

In the 1980s, IDV (now Diageo) created a startup company called Callitheke, staffed with a small cross-functional team of intrapreneurial managers. They were given seed capital and a brief to create adult soft drinks.

In the following 18 months, the company launched the first truly adult soft drink in Aqua Libra and the first health drink in Purdey's, but failed to capitalise on the potential success by selling the brands after only four years.

Unilever to its credit set up Unilever Ventures in 2002 as a venture capital firm providing funding to startup and early-stage businesses that could be the next big thing for the company.

To date, they have invested in nearly 20 businesses originating both from within Unilever and from external sources. Time will tell whether this initiative can compensate for the lack of new category brands coming from their innovation centres.

For more, visit www.warc.com/MarketLeader

INTERVIEW

The Future of Market Research

GreenBook Editor-in-Chief Lenny Murphy sits down with Managing Director, BrainJuicer Labs, **Orlando Wood** to discuss the latest breakthroughs in behavioural economics and research.

The interview below first appeared in a 2 December 2011 post on the GreenBook blog.

Lenny Murphy: Thanks for agreeing to chat with me! You're presenting at the BAQMaR conference on behavioral economics and how this model changes the traditional market research paradigm. Can you give me a "preview" of your presentation by laying out your premise a bit more?

Orlando Wood: Anyone with an interest in Behavioural Economics and how humans make decisions will no doubt have come across the terms System 1 (fast) and System 2 (slow) thinking. Systems 1 and 2 are terms used by Daniel Kahneman, psychologist and Nobel Laureate, to describe the two mental processes we use to make decisions. System 1 is a perceptual and intuitive system, generating involuntary impressions that do not need to be expressed in words. This system is fast to react, automatic, associative, emotional, effortless and learns through repeated experiences and gradually over time. System 2 on the other hand is slow to react, effortful, analytical, rule-governed but flexible enough to assimilate and process new information. If I were to ask you to tell me what 2 + 2 equaled, you'd be able to tell me without any effortful thinking (and via System 1 experience) that it was 4. If I asked you to tell me what 17 x 24 was, you would need to calculate (using rule-governed System 2 processing) that it made 408, unless you were well-rehearsed in the 24 times table! It is hard work to process information using System 2, however, and our capacity for System 2 thinking is very limited, so we are instead often happy enough to trust a plausible (System 1) gut judgement that comes easily to mind. It is System 1 thinking that is responsible for many of the everyday decisions, judgements and the purchases we make and explains many of the heuristics (shortcuts or rules of thumb) that are highlighted by Behavioural Economics.

So what's all this got to do with Market Research? Well, our industry's approaches rest upon a number of assumptions: that people are reliable witnesses to their behaviour, consistent in their preferences and able to predict their future behaviour and decisions. But these assumptions are of course being questioned by Behavioural Economics and results from countless experiments by psychologists showing that people have, in fact, very malleable and fluid preferences: our decisions are influenced more than we realise by our frame of mind, the people we are with and our environment. System 1 thinking means that we often rely on intuitive judgements that are 'good enough' and explains why our choices are so easily influenced by the environment around us, the way choices are put to us and, of course, the people we are with. We are not, as many research approaches would paint us, perfectly logical and socially isolated individuals with stable, lasting preferences.

LM: Sounds like a great presentation; I am sorry I'm going to miss it. It also brings up a question that has been floating around in my head for a while now: "What if the current survey-based model is flawed?", and of course behavioral economics plays a role in why I've started to question that sacred tenet of MR. Considering that the majority of the revenue generated within our industry comes from survey-based programs, and also considering that a big chunk of that is from tracking studies, how can the industry embrace these new ideas without committing financial suicide?

OW: Research and indeed much marketing practice is still firmly embedded in System 2 thinking. The way we ask questions, by and large, requires System 2 processing. We believe that asking people to think long and hard is a good thing, and that neutral environments and de-contextualised settings are the correct and only environments for research. We assume that people are entirely rational agents with a perfect grasp of how they will behave in a different context, when actually the people and environments around them in real-life settings have an enormous bearing on their behaviour and decisions. So I believe that there is actually an enormous opportunity for researchers to create experiences that mirror more closely real-life environments and to create conditions that promote System 1 thinking. These approaches will get us closer to real-life behaviour, and help us to understand and predict it better.

LM: How do gamification, mobile point of experience studies, text analytics, predictive modelling, etc. play a role in this new behavioral-based paradigm?

OW: Behavioural economics highlights the importance of context – how we behave and make choices differently in different circumstances. The industry at the moment is largely seeing games as little more than a sophisticated incentive – a way to make boring surveys more palatable and increase respondent engagement! Of course, that brings with it questions about the bias that they introduce. But the bias they can introduce is what makes them so interesting. The real value of games, in my view, lies in their ability, in short order, to change someone's frame of mind so that it better reflects the moment or occasion we are interested in. Games create context: hot states, empathy, frustration, social pressure, competitiveness, distraction; all of these things can be created by games and can help us to understand people in the frame of mind that's of interest to us. The industry seems to be viewing mobile with interest because, again, it's engaging, cool and can help us access certain groups better. As with games, I've heard many voices at conferences expressing concern about mobile's ability to cope with traditional surveys and the bias it introduces. But the real beauty of mobile is not that we can get people to do the same on-line surveys on their hand-held devices, it's that it can help us measure actual behaviour in the place and moment, either through passive monitoring or because it stores things that we cannot reliably recall or remember ourselves. It can help us access behaviour and decision-making in the appropriate time and place. With all these things, I think we need to think about how they can be applied to understand behaviour and decision-making better first and foremost, rather than simply as a means to make the researcher's lot easier, cheaper or quicker!

LM: I couldn't agree with you more! Since we have this institutional bias within the industry, can you describe a methodology that is based on the System 1 process? Or more precisely, can you give me some examples of how you can build a research study around this idea?

OW: System 1 thinking is instinctive and emotional. Emotional measures are essential in communications testing, as we've shown, because efficient ads generate positive emotional associations around a brand that make us more likely to pick up the advertised product at the point of sale. Kahneman talks about the 'Affect Heuristic' – rather than answering a difficult question ('What do I think about this?'), our minds often default to System 1 thinking by answering an easier question – 'What do I feel about this'? If we like one bar of chocolate more than another, we'll pick up the one we like more, even if it costs just a little bit more. This is especially true if the category or fixture is complex and overwhelming. But there are other ways of accessing System 1 thinking. Simply introducing time pressure, for one thing, can force us to make more instinctive decisions, and time pressure is what is at the heart of Implicit Association Testing, of course.

LM: I've seen some of your presentations on the results of applying this model to communication testing; it is intensely fascinating and impressive stuff! You are in charge of BrainJuicer labs, the "mad scientist" division of BrainJuicer focused on innovation. What are you working on (that you can share) that has you most excited right now?

OW: I'm pretty excited about a number of things we're working on at the moment. I can't reveal all, but needless to say that games, System 1 thinking and passive measurement of behaviour are all involved. I think it's also worth our while to stop and ask ourselves occasionally – what would research look like if direct questioning were outlawed? Could it force us to re-invent market research for the better…?

LM: Now that is a provocative idea! Great stuff Orlando; I know I and many others will be watching to see what you come up with. That's a good segue to close out our conversation: what do you think the research industry is going to look like in 2015? What techniques, business drivers, and overall positioning will be in play?

OW: I think the future is what we make it! I'd like the industry create approaches that focus on measuring behaviour. In fact, I'd like us to stop using terms like 'Market Research' or 'Insights' to describe what we do and instead refer to what we do as 'Behavioural Understanding', and position ourselves as experts on how people behave, make choices and decisions. This will take us away from a language that pigeonholes us and that only those close to our industry recognise and understand; it will instead make clear our focus, elevate us as an industry (which will be important in the difficult times that lie ahead) and help us to attract the brightest and the best talents from different disciplines. In line with this, I'd like us to have adopted approaches that are more instinctive and emotional, that give respondents cause to think less (or at least think more quickly, rather than have to ponder). I'd like to see research experiences that better create or account for external context (immediate environment, social influence, choice architecture) and internal context (feelings and impressions – primes, even), and that therefore measure choices and behaviour in an appropriate context. We will by then be routinely designing 'research experiences', which may mean games or something that looks at lot like games. We will be using mobile devices to understand passively how people are leading their lives. I suspect also that the market for the 'internet of things' and other connected devices will develop and enable us to discover a thing or two about people's real (rather than reported) behaviour. These are just some of the ways I think the industry will develop.

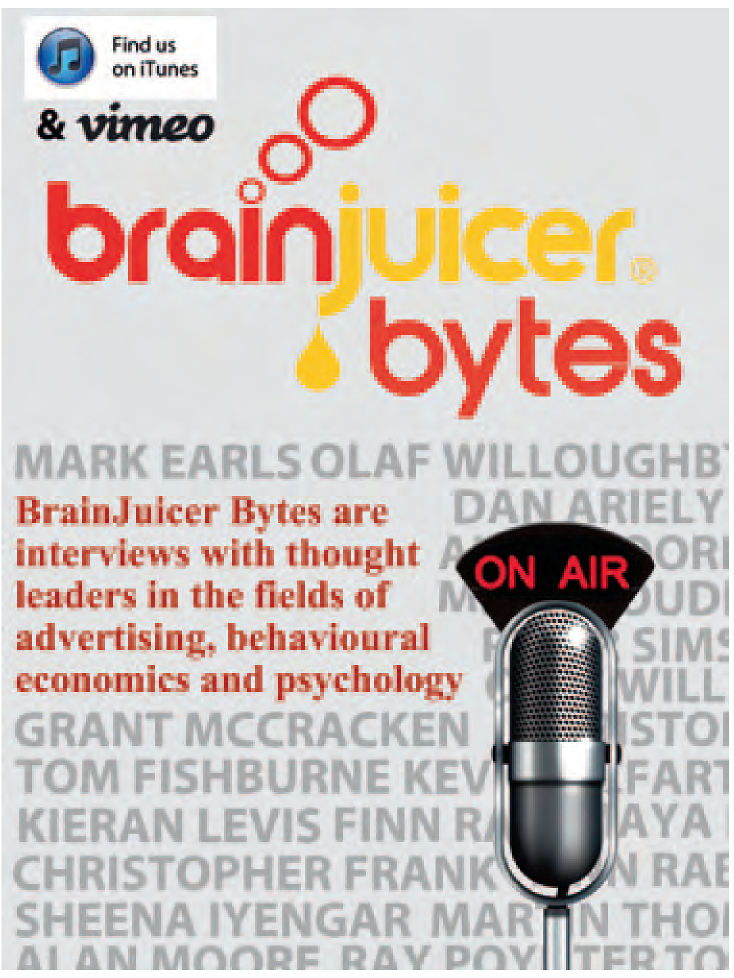
LM: Again, I couldn't agree more; I think we have a tough slog ahead, but we will get there. OK, final question. I'm jealous that I can't get to BAQMaR; it looks like it is going to be a great conference. What are you most excited about regarding this event?

OW: I think the conference could be a lot of fun and there are a number of sessions that look interesting. I'm looking forward to hearing what Kristin Luck is going to say about the use of mobile technology. Jon Puleston's work on games is terrific and is helping to turn an interesting idea into a distinct reality. Stan Knoops talking about research providing inspiration will also be good – it's something I think the industry could and should be a lot better at!

LM: I'll be sure to follow along online to get the distillation of all of these wonderful sessions through the blogosphere and Twitter community! Thanks for the time Orlando and have a great time in Ghent!

OW: Thanks for the great chat Lenny. Cheers!

For more, visit www.greenbookblog.org



Alex Batchelor Reviews Daniel Kahneman's 'Thinking, Fast and Slow'

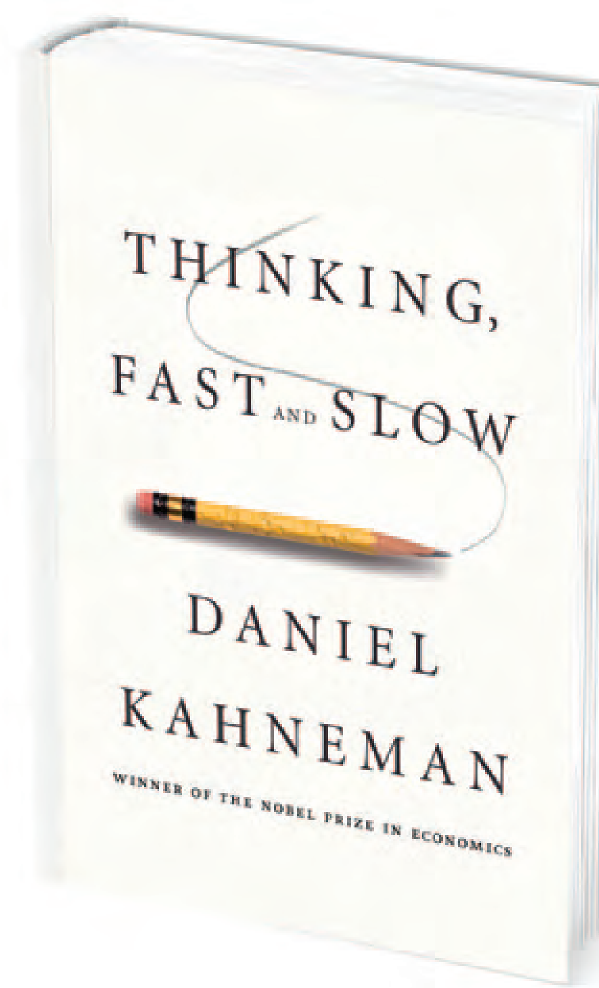
"Triumph of emotion and the death of Homo economicus".

Alex Batchelor
Chief Operating Officer, BrainJuicer

In his latest book, *Thinking, Fast and Slow*, Daniel Kahneman does the world a great service in finally killing off the myth, beloved of many economists, that humans act rationally based on complete knowledge, out of self-interest and the desire for wealth.

There is an increasing body of evidence that emotion is what drives human behaviour and this book explains that in terms of two brain systems. System 1 is fast, implicit, intuitive, instinctive and unconsciously makes most decisions. System 2 is explicit, slow, analytical, learned and conscious. The book is full of some of the best examples of experimental work in the field of behavioural economics, which demonstrate that System 1 is gullible and biased to believe and System 2 is in charge of doubting and unbelieving – but it is sometimes busy and often lazy. Some of the examples are from his own work with Amos Tversky, developing prospect theory – but he cites many others, including one from Matthew Rubin, that finally undermined Bernoulli's theory on the utility of wealth.

This is an important book, made accessible by Kahneman's evident humanity. There are not many books on human behaviour, based on a lifetime of academic endeavour and achievement, that are going to conclude with the advice that "it is only a slight exaggeration to say that happiness is the experience of spending time with people you love and who love you".



Features

continued »

Bring Consumer Insights Closer to the Boardroom

Alex Batchelor discusses the importance of consumer insights and why executive teams should pay close attention to them.

The article below first appeared in the July/August 2011 issue of VUE magazine, the official publication of the MRIA.

Alex Batchelor
Chief Operating Officer, BrainJuicer

According to my wife and children, I have become something of a bore on many topics. One of them, undoubtedly, is about company boards and consumer insights, the subject of this article.

The fundamental task of growing a business is actually relatively simple, and I am indebted to a great book by Phil Stern and his co-author, the late Peter Doyle of Warwick Business School, for helping me realize that fact. Their book, *Marketing Management and Strategy* (Prentice Hall, 1994), illustrates that what is needed to grow revenue is acquiring more customers, or for your existing customers to use more of your products, or for potential new customers to find completely new uses for your products. Profitability requires managing both price and productivity. The book goes on to articulate that success requires you to really understand your customers and their behaviour – so that you can better serve them.

After a twenty-year career – in which I have worked in advertising, in brand consultancy, and as a marketing director for Unilever, Orange, Royal Mail and TomTom – it is disappointing to report that I have met only one CEO who spontaneously asked me about market research. I wasn't that convinced that the marketing directors with whom I was working as a consultant were bothered about market research either. This state of affairs is even more surprising when you consider how much money is being spent on market research: globally, the market research industry was worth $32.5 billion in 2008, and it has been growing steadily for the past twenty years.

Why is there such lack of interest in market research? The easiest place to start is board reporting. As a result of six years doing brand valuations at Interbrand, I have seen the board papers and the financial plans of a lot of companies; I have also sat on a few boards. All the board packs I have seen included historical profit and loss and, in most cases, a balance sheet and cash flow.

All included some projections and an evaluation of performance on key financial metrics versus budget and the previous period. The good ones also included a lot of operational data – about factory efficiency, sales channel effectiveness, or whatever else was appropriate for the industry.

Very few, however, included any real metrics on customers and their behaviour that weren't reduced to the financial metrics already covered. Even fewer contained any of the market research. I remember one finance director saying, "Everything we need to know about our customers is covered in the revenue line – they are either buying or they aren't."

> "After a twenty-year career – in which I have worked in advertising, in brand consultancy, and as a marketing director for Unilever, Orange, Royal Mail and TomTom – it is disappointing to report that I have met only one CEO who spontaneously asked me about market research."

Insights into Behaviour

In every company I have worked for, I have agitated for the inclusion of basic customer information: how many customers, buying how often, in what quantities? Longterm trends on these metrics, using twelve-month moving annual totals, can give the lie to many projections and plans, and are very useful for boards. Wherever possible, you want to include operational data that give insights into customer behaviour – how many calls to the call centre, how many complaints, what the complaints were about.

However, the monthly cycle of most board meetings can be a problem, and it's important to choose metrics carefully. Some tracking data are slower to change than other customer metrics. Choose one that is too volatile and people stop trusting it. Choose one that is too stable and it has no function as a predictive tool.

A question that particularly interests me is just what it is that consumers can usefully tell us. The "wisdom of crowds" work is showing us that we are better at judging the behaviour of others than we are at giving truthful answers about our own motives. Sometimes we don't know why we do things; sometimes we simply dissemble and give socially acceptable answers.

I am sure that shareholders at Marks & Spencer or British Airways would have been better served by metrics assessing whether people thought these companies were getting better or worse than by many traditional metrics looking at more usual measures of awareness and consideration.

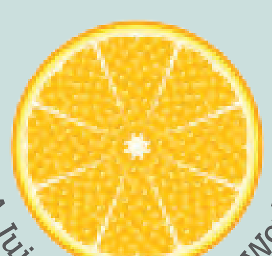
I am also sure research would have made many of the issues for Royal Mail a lot clearer if it had been able to distinguish between the views of those who pay for most of the services (large and small companies) and those who receive the mail but do not directly pay for it (all of us).

Many of the advances in research in the past twenty years seem to have come from behavioural economics rather than market research. Like many other people, I have enjoyed reading *Freakonomics*, as well as *The Wisdom of Crowds*, and works by Malcolm Gladwell and others. It seems that understanding customers and their behaviour is enhanced more by these works than by conventional syndicated and tracking research studies. Sometimes, you have to be creative about how you present the data.

The story of how the Dove brand–agency team sold in the Campaign for Real Beauty is a classic one of taking research to the boardroom in an imaginative way. The team members knew from their extensive research that young girls feel huge pressure to be beautiful. They also knew the Unilever board making the go, no go decision was made up entirely of men of a certain age. So the team put together a film of interviews with the daughters, and in some cases granddaughters, of the board members talking about the pressures they felt, as well as their joy at what Dove was planning with the Campaign for Real Beauty. When the board saw the film, there wasn't a dry eye in the house. The rest is history.

I do not see how you can claim to run a successful business – with sustainable, customer-led demand driving profitable growth – without using market research. Although there is an onus on market researchers to make their data more accessible and relevant, the key responsibility lies with marketing directors to more imaginatively promote consumer insights to the decision-makers on the board. There is also a need for board directors to make sure that they really understand the human behaviour that underpins the profitability of the companies for which they are responsible.

For more, visit www.mria-arim.ca



A Juicy Approach to Work

We strive to ensure that the BrainJuicer culture is as "Juicy" as our products. To do that, we've borrowed on Daniel Pink's three elements of motivation outlined in his book, *Drive*.

KNOW YOUR PURPOSE

We encourage our people to name their ideal job, and then invest time and effort to bend BrainJuicer to fit these aspirations.

GAIN MASTERY

We provide increasing levels of training and development through our BrainJuicer Academy, and also encourage self-directed learning to achieve personal work goals.

SEEK AUTONOMY

We allow our people with more control over when they work, how they work, and where they work, and even offer eligible staff to take advantage of our sabbatical programme.

WE'RE HIRING!

WHEN?

ALL THE TIME!

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INTERVIEW

Client Director Drives Ambulance 10,000 Miles to Mongolia for Charity

This summer, Client Director **Ed Harrison** will take advantage of BrainJuicer's sabbatical program to participate in The Mongol Rally, a rough n' tumble journey across 10,000 miles of remote terrain in the name of charity.

Starting from the United Kingdom, Ed and his team of Mentalmen will traverse 2 deserts, 11 countries and 14 time zones in an ambulance, which they'll then donate to the Mongolian people. Along the way, they'll be raising money for two worthwhile causes: the Teenage Cancer Trust and the Lotus Children's Centre Charitable Trust. Their mission: to help Mongolia's 3,000,000 people gain better access to medical care.

Recently Brian Juicer sat down with Ed for an exclusive interview.

Brian: So, Ed, what attracted you to join BrainJuicer in the very beginning?

Ed: In 2002, I had just finished the second year of a three-year degree course in Marketing at Lancaster University, and was given the opportunity to take up an 8-week STEP (Shell Technology and Enterprise Placement) with a local company in Cambridge. I got in contact with the STEP organisation and had a number of participating companies described to me by phone. Being honest, as soon as I heard the name "BrainJuicer", I was instantly attracted – what an unusual and fun-sounding name! It was a no brainer to take up the placement.

My 8-week placement started in John's attic – which felt in many ways like an initiation test/rite of passage working in close proximity to the Chief, who was working every hour he could to catapult BrainJuicer out of infancy and into the mainstream. After 8 unforgettable weeks researching and designing a panel platform, I went back to university to complete my degree.

After I finished my degree, I called John up and asked "Can I come and work for you while I look for a graduate placement somewhere?" The answer was "yes", and I came back in the summer of 2003 to find BrainJuicer in rented offices, a CFO (James Geddes) and a small account team. By September 2003, I had signed an official contract, and the rest is history!

Brian: And we're so glad to have you! How has BrainJuicer grown as a company since you joined?

Ed: I have seen BrainJuicer grow from an attic in Cambridge to a multi-national company with offices in strategic locations around the world – it's been one hell of a ride! There is no doubt that passion and creativity (and a touch of madness, as John would say) have contributed to our growth – from the work of John through to the team he has built around him.

Brian: Briefly describe your current role at BrainJuicer.

Ed: I am a Client Director, responsible for maintaining and developing existing client relationships and becoming a trusted advisor, winning new business and managing my team (who are frankly brilliant, by the way).

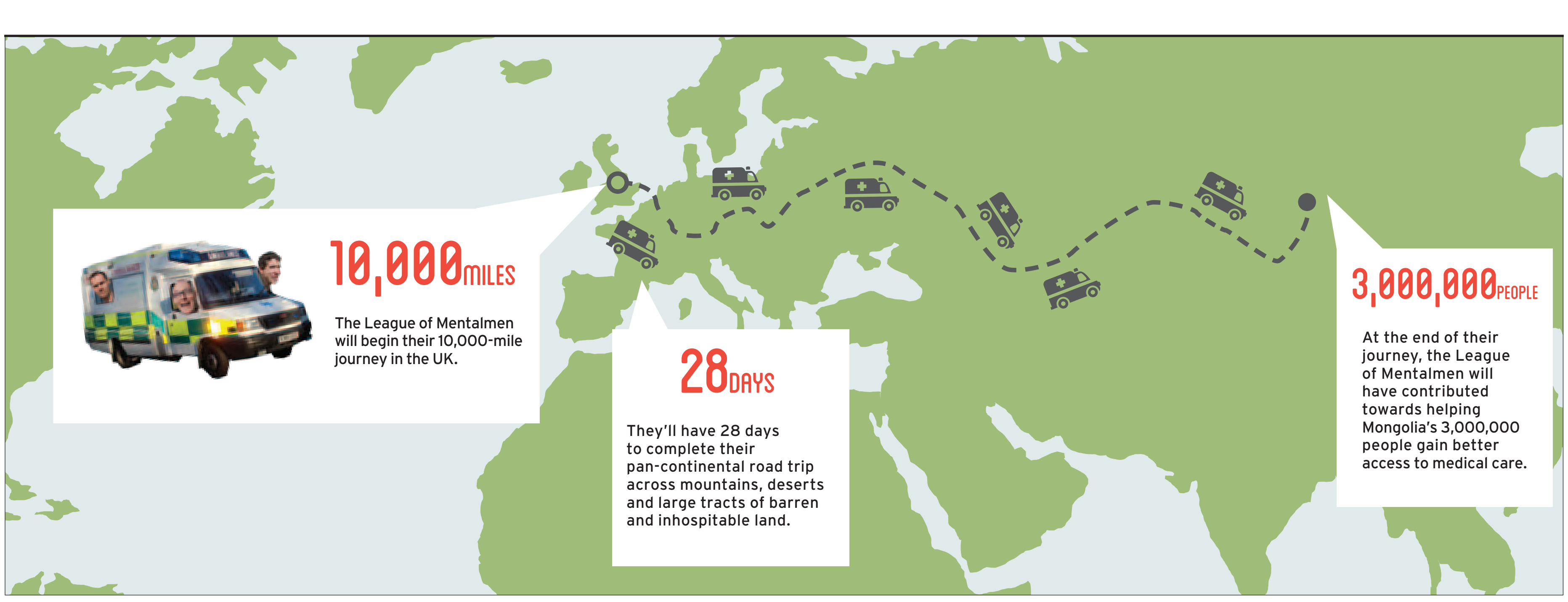
Brian: I'll agree with that! Can you describe the sabbatical program?

Ed: Following on from Dan Pink's philosophy (mastery, autonomy, purpose), John was keen to explore how to make BrainJuicer a truly Juicy company to work for. Someone suggested a sabbatical program to reward loyalty, and after some discussion, the program was put in place. Any employee who has been with the company for six years or more can apply for a 4-week sabbatical. The sabbatical is fully paid if you spend your time doing something charitable, or half-pay if you just want the time off for personal interests.

Brian: Do you think this is an opportunity that you would have had at any other company?

Ed: I've not heard of it at another company and in fact my friends are very envious. I think there are a lot of Juicers itching to do 'their time' to qualify for their chance, although I'm not sure that others would want to drive 10,000 miles to Mongolia! I am very excited, somewhat apprehensive of the unknown, but wouldn't miss this opportunity for the world.

Keep up with Ed and The League of Mentalmen as they chronicle their adventures at www.mongolmentalmen.com



INTERVIEW

Top 3 Market Research Tips: Q&A with John Kearon of BrainJuicer Group

BrainJuicer Group PLC was named the Stevie Company of the Year in Advertising, Marketing & Public Relations in The 2011 International Business Awards. The Stevie Awards blog sat down with John to conduct the following interview.

The following first appeared in a 3 November 2011 post by Michael Gallagher, President, the Stevie Awards, on the Stevie Awards blog.

What are your top 3 tips for new marketing research methods?

OK, here's a thought experiment for you: If you had shares in every market research approach and were prepared to create a portfolio to hold for the next decade, which market research methods would you be buying and selling?

I'd start by shedding my entire portfolio of classic research approaches that rely on people's post-rationalized beliefs about why they do things and what they say they like, asked in environments unrelated to the behavior in question. I'm not saying they won't continue to be important in MR, but I am saying I believe they will be declining rather than growing. So my **top 3 "sells"** would be:

1. All **current pre-testing and concept testing approaches**. They have a notoriously bad record for predicting failure for some of the best-known and commercially successful adverts and new product launches. Adverts such as the Cadbury Gorilla and Stella Artois' Jean de Florette—both reassuringly expensive campaigns—were punished in classic pre-testing; and new product launches including Bailey's Irish Cream, cash point machines, and the Sony Walkman also fared badly in classic-concept testing research.
2. Perhaps controversially, I would also be selling **Focus Groups**. Yes, they can reveal powerful insights in the hands of a great researcher, but all too often they are just the lazy default of unquestioning research buyers and produce little or no insight on the subject at hand.
3. My final sell would be **Brand and Advertising Tracking**. As far as I can see, this is dead from the neck up, offering little or no insight, direction, or positive contribution beyond the comfort blanket of a monthly number. If this sort of research were banned, businesses would suffer withdrawal symptoms for a couple of months, after which they'd never go back. Instead, they'd spend the money on the sort of research techniques outlined below that can actually help companies grow.

Now to what to buy. I'm interested in those research approaches most closely tied to Behavioural Economics. BE is finally explaining how people really make decisions and showing it to be quite different from what current market research believes. My **top 3 "buys"** would therefore be:

Any **"We Research"** techniques, such as prediction markets. These techniques are increasing the accuracy of concept testing by tapping our ability as social animals to predict the behavior of other people, yet doing it better than we can predict our own.

I would also be buying shares in **Ethnography and Netnography**, as anything based on observation of what people really do is massively more accurate than what people say they do – or the reasons they give for saying it.

My final pick would be **Game-Based Research**. This can help put people into the context, mood, or hot state they would actually be in when choosing a response, so it elicits far more accurate research results than the vast majority of current, non-contextual research.

What item of news recently caught your eye and why?

In the UK, the quality newspapers' reaction to Steve Jobs passing was sadly revealing of our liberal intelligentsia's dismissal of the significance of anything they see as commercial. Some of the commentaries bordered on the Pythonesque in their "What have the Romans ever done for us?" tone. Sure, Jobs invented the computer interfaces we take for granted; sure, he shaped the devices we use to play our music and changed the way we buy music and media; it's true he redefined what a mobile phone is for and generated a global lust for beautiful and functional technology … but what did he ever do for us? The journalists urged us to get a little perspective. Jobs was hardly Nelson Mandela or Desmond Tutu; he was really just a good marketer and surely not deserving of the eulogies erupting around the world. I am saddened by the anti-commercial attitude that still survives in Britain towards the entrepreneurs and inventors who through creativity, boldness, and perseverance bring great products to a grateful public. I sincerely hope attitudes change and that we start to finally appreciate people like our own Jonathan Ive (selected by Jobs as his design guru, now SVP of Industrial Design at Apple Inc. and the conceptual mind behind everything from the iMac to the iPhone and iPad) and the engineer James Dyson, who has reinvented the way we clean our homes.

Do you have a favorite business app?

I love technology … but the wonderfully friendly, long suffering, Wayne Nightingale—who meets me off transatlantic flights with a cup of tea and drives me home to the kids—has to be my best business app. Thanks, Wayne!

If you could choose another profession, what would it be?

I'd be busy blowing up current approaches to education and setting up highly alternative schools whose motto might have to be: "You'd be mad to send your child here." Education must be the only field of life where a Victorian child transported in time to the present day would essentially recognize the experience. Now, that means either that our education system was perfected long ago, or—more likely—that there hasn't been nearly enough progress since. You just have to compare it to the advances in medicine over the same time period to wonder how our education system could have looked. I hope I'll get a chance to make a contribution to the system before I pop my clogs.

What quality or qualities do you most value in your business associates?

The passion and perseverance to be really good at the thing they do best; the integrity to be true to themselves; the tolerance to know what it takes to work well with others; and the playfulness to enjoy their work.

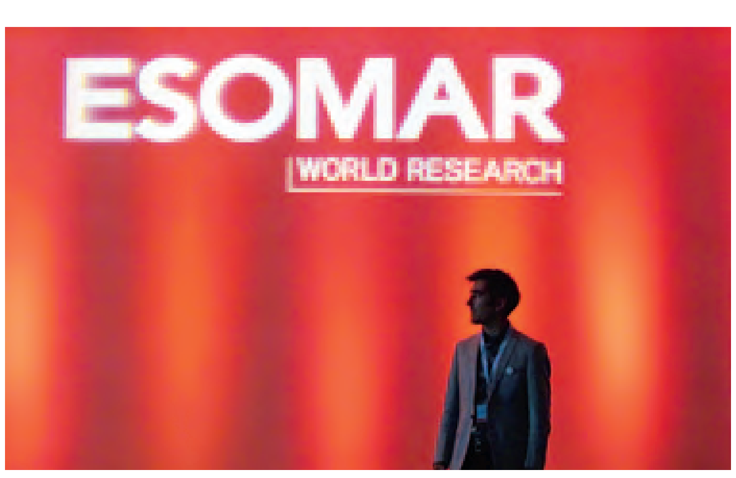
What do you think is the worst bad habit to have at work?

To think work is just the dull chore we're forced to do before we retire. Don't be boring, don't be too serious, make sure you enjoy what you do, take some risks, have some fun … and see what you can achieve!

As someone at the top of your profession, what keeps you inspired or makes you hit the ground running in the morning?

Caffeine and alcohol help … as well as a contrarian spirit that enjoys change for change's sake. I like to question market research dogma and to invent exciting new ways to better understand and predict human behavior.

For more, visit http://www.stevieawards.com/



Peter Harrison wins Best Presentation at ESOMAR 3D, as voted by the attendees for his presentation, 'Gamifying Research'.

Enlightenment through Mood States

Using games in research moves respondents from a 'cold' to a 'hot' behavioural state.

Peter Harrison
Creative Director, BrainJuicer Labs

The article below, which elaborated on the thoughts in Peter's ESOMAR presentation, first appeared in the November 2011 issue of Admap magazine.

The marketing world is buzzing with the term 'gamification' right now. Cadbury's Spots v Stripes, Nike Grid – games such as these are being used to create experiences and draw people closer to brands. But do they also have the power to reveal something different about people in market research?

Believe it or not, games are something the market research industry is starting to take seriously. But it's fair to say that they are typically seen as little more than a sophisticated incentive; a way of improving the respondent experience to reduce drop-out rates and the effects of 'straight-lining' (clicking through just to complete the survey quickly), and to provide fuller responses to open-ended questions. Broadly speaking, for market research, games are about reducing tedium. But games actually offer us a much greater opportunity than this: they can help us to understand and predict behaviour better.

Behavioural economics challenges many of the underlying assumptions of evaluative questioning techniques. In his book *Consumer.Ology*, Philip Graves highlights the shortcomings of the research industry; one of his key points is that the experience of doing research is so divorced from our buying experience that we do not actually conduct research on people when they are in the correct or representative state of mind. This is consistent with the findings of behavioural economists such as Dan Ariely, who say that our attitudes and behaviours change depending on our mental state. One of the tenets of behavioural economics is the hot-cold empathy gap, which describes how we are unable to consistently predict how we will behave in a 'hot state' while occupying a 'cold state'. As an example: we may believe we're only going to have two drinks in the pub, but, in the moment, that quickly becomes four, then six. We were unable to account for the energy, pressures and 'hot state' that we found ourselves in.

This is where games come in. They allow us to create the mindsets, moods and hot states required for us to understand behaviour in context. Games can move us away from the evaluative questions asked 'cold' and help us to get closer to understanding how people would behave in a real-life situation.

Let's look at what this means in practice. A pharmaceutical client wanted to know how to market their product for leg cream, and to do so needed to know more about the relationship people have with their legs. If you are like most people, this isn't something that you would consider too often – generally we take the health of our legs for granted. However, varicose veins and other medical conditions can cause discomfort and limited mobility, especially among pregnant and elderly people. These conditions are also not that easy for people to talk about openly.

This presented a problem – how do we get people to engage with this complicated, and slightly awkward, issue meaningfully? To do this, we created a game that set up a fictional scenario where people could engage with the topic and have the freedom to express themselves. This was a two-stage game. For the first stage, we challenged participants to write a classified ad that would convince other people to buy their legs. The other participants in the project could read, review and rate the other submissions to provide real-life feedback.

> "One of the tenets of behavioural economics is the hot-cold empathy gap, which describes how we are unable to consistently predict how we will behave in a 'hot state' while occupying a 'cold state'."

Having sold their legs, the second stage required participants to compete to win a new pair of 'super legs' by presenting a strong argument about why they were worthy of them (there could be only one winner).

This game was an oblique approach to uncovering the most important attributes people assign to healthy legs – perfect for marketing inspiration and insight. The sense of light-hearted competition also added energy to the game, and created something of a hot state that enabled participants to open up and play with an idea. This helped them to express themselves more creatively than they otherwise would have.

Another experiment we ran had a similar impact. The game was called 'Mopopoly' and was based on the classic board game, with a twist. In order to buy properties or avoid paying double rent, the players had to reveal frustrations about themselves relating to particular household activities, such as cleaning. The nature of the game made people very competitive, and it wasn't long before the players were in a hot state, revealing very personal truths about themselves. For example, one proud father told of his private embarrassment when putting away his son's underpants: he wasn't sure whether they belonged to the older or younger son. As a father, he felt this was something he should have known.

In these projects, it was useful to get participants into a hot state, but there are also times of course when it could be a hindrance; after all, the hot-cold empathy gap works both ways. Research games can create the emotional and situational context for a particular behaviour – including those we feel while in a cold state.

Another pharmaceutical brand wanted to know how people talk about and understand digestive problems. For this game, we wanted to recreate the emotional and situational context within which people experience these problems. Clearly it was not feasible (or ethical) to physically induce the pains we were interested in, so we created a game environment they could relate to instead. In this scenario, the participants were faced with pictures of two 'friends', Matt and Lisa, who were experiencing visible discomfort and asking for help. To complete the first level of the game, the participants needed to diagnose the problems Matt and Lisa had. To do that, they could ask questions on a community site, where moderators (pretending to be Matt and Lisa) answered their questions. By looking at the logic of their questioning, we were able to see how they thought about the problems, and what their assumptions, concerns and interpretation of the symptoms were.

Once they had completed the first level of the game, they moved on to the second – to offer Matt and Lisa advice. This offered us a slightly different opportunity to see how, early on, people would recommend pharmaceutical products versus lifestyle or dietary changes – a detail that could be lost or misreported through direct questioning.

The game succeeded in quickly creating a feeling of empathy towards Matt and Lisa, which gave us an understanding of how people really feel in the moment. Interpreting their behaviours in this context, we believe, helped us get closer to how people think about illness when it's important – that is, when it happens to them or someone they care about.

While we all know that we do things differently when in a bad mood or are feeling highly emotional, market research has only recently started to address this in its approaches. Behavioural economics has provided academic evidence that shows the extent to which context affects our judgement. It poses difficult questions of market research and we need to look to new methods to fill in our blind spots, so that we take account of how people feel when making decisions, whether it's choosing a brand of dog food or deciding to have another drink in the pub. Research games can do this. They offer us a means to put respondents in touch with their real behaviour – to put them in the relevant mindset or emotional state that they experience when making that sort of decision. They are so much more than just a sophisticated incentive.

It is still relatively early days for games in research, but we believe that they can simulate mindsets, mood-states and emotions to shed light on people's judgements and behaviours in context. This kind of understanding will inform and bring about better decisions on communication strategy, positioning and design.

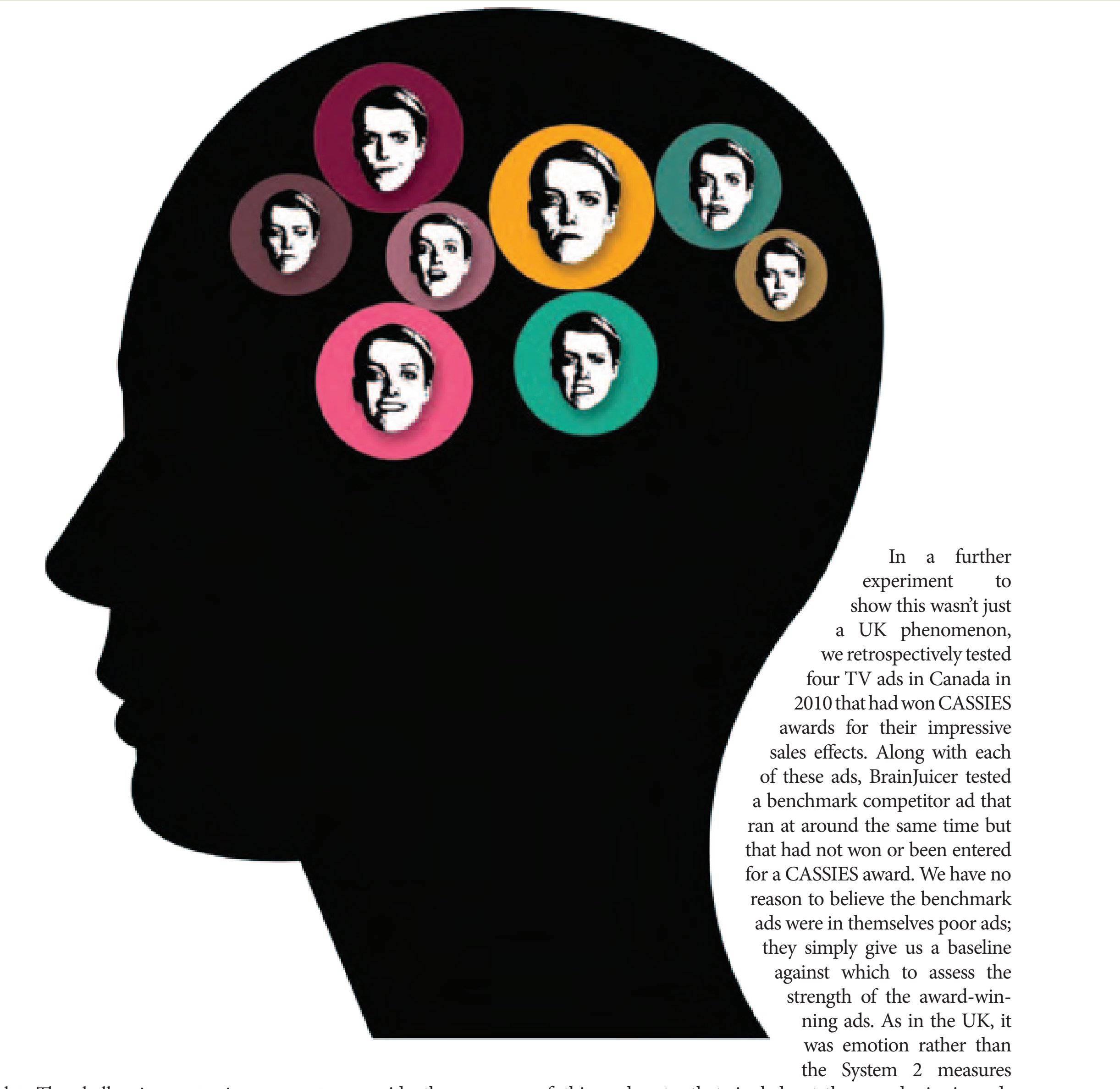
For more, visit http://www.warc.com/BrowseAdmapIssues.info

Features
continued »

Let's Get Emotional About Advertising

John Kearon, founder and 'Chief Juicer' at research agency BrainJuicer, examines new evidence suggesting there might be a better approach to advertising pre-testing.

The article below first appeared in Contagious magazine issue 28.



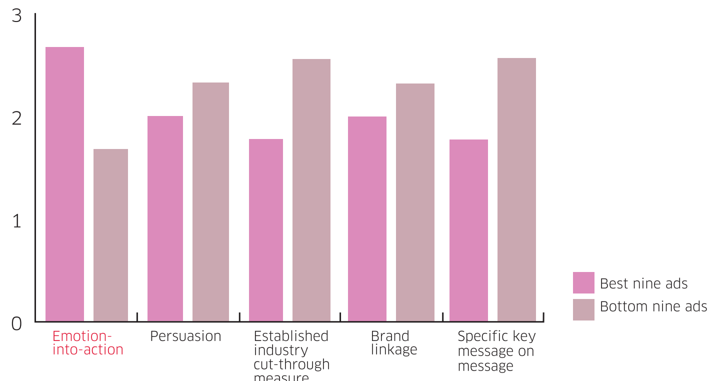
John Kearon
Chief Juicer, BrainJuicer

Anyone with an interest in Behavioral Economics and how humans make decisions will be aware of System 1 and System 2 thinking, which describes the two mental processes we use to make decisions. Systems 1 and 2 are terms used by Daniel Kahneman, whose claim to fame is as the only non-economist to win the Nobel Prize for Economics for his work on behavioral economics; he's a psychologist.

System 1 is the older, 'reptilian' brain; a perceptual, intuitive, emotional, unconscious system, generating involuntary impressions that do not need to be expressed in words. This system is fast to react, automatic, associative, effortless and learns gradually over time. System 2 is the more recently evolved, 'higher order' brain, the cognitive, analytical, clever part that we rightly praise and which separates us from other animals. But here's the rub for marketing and our understanding of consumer decision making. These systems are far from equal.

Figure 1 / IPA experiment in UK shows predictive ability of an emotional measure to persuasion & information measures

Average number of very large business effects achieved by top and bottom nine ads when ordered in each measure



Base: 18 ads for which business effectivness data is available from the IPA

Intuition and emotion

If you translated how much we use each system into computing power, System 2 would be 50 bits, versus 11 million bits of System 1. As it turns out, we think much less than we think we think and make the vast majority of decisions using intuition and emotion. Our capacity for System 2 thinking is very limited, as Kahneman's example in his Nobel acceptance speech demonstrates: 'A bat and a ball cost $1.10 in total. The bat costs $1 more than the ball. How much does the ball cost?' Go on admit it, the answer that first comes to mind is ten cents, even though because of the set up, you know it's wrong. As Kahneman says, 'We are not accustomed to thinking hard and are content to trust a plausible judgement that quickly comes to mind'. If we think about it (which we don't) it can't be ten cents because then the bat would be $1.10, making the total $1.20 – the right answer of course is the ball costs five cents.

By contrast we're really good at System 1: intuitive, instinctive decision making, which is the reason we tend not to bump into people even in busy streets and also the reason why the picture below looks like star gazing but as soon as you see the 15 dots moving at bit.ly/BMLwalker you immediately recognise it as a walking man. If you've read Malcolm Gladwell's Blink, then you've read a whole book about our capability to make smart decisions incredibly quickly. As psychologist Antonio Damasio says, 'We're not thinking machines that feel, we're feeling machines that think'.

Dramatic implications

This has some fairly fundamental implications for the way we think about advertising. The traditional view is that, in order to be effective, advertising needs to communicate a well-branded and persuasive message with sufficient cut-through to gain the viewer's conscious attention. In other words, we currently think about advertising entirely in System 2 terms – our System 2 mind with its limited processing ability is alerted to a new piece of information, which, when considered, persuades us of a brand's benefits. This thinking dominates the research industry's measures: persuasion, brand linkage, cut-through, key message – these are all evaluative System 2 measures. If behavioral scientists have taught us anything, however, it's that the vast majority of our decisions and judgements are not made via System 2 but using System 1, intuitive gut-feel. So how do we measure System 1 response and could it be more predictive of real-world business effects?

"We're not thinking machines that feel, we're feeling machines that think."

BrainJuicer has recently conducted two experiments to examine the predictive ability of both traditional System 2 advertising measures and BrainJuicer's emotional approach ComMotion™, which uses pictures of a face in seven different emotional states (plus neutral), to elicit emotional response. The worst response you can get to a piece of advertising is a neutral one because if you feel nothing, you'll do nothing. Psychologists such as Damasio assert that emotions are an important component of System 1 judgements, influencing not just what we pay attention to but automatically channelling our subsequent thoughts and associations, thus simplifying decisions and guiding the judgements we make.

Breakthroughs and business

Working with the Institute of Practitioners in Advertising (IPA) in the UK in 2009, BrainJuicer post-tested 18 TV ads. Now 18 ads doesn't sound like a lot so it's worth pausing to consider exactly what we were testing. The IPA has been running an advertising effectiveness competition for over 30 years and has probably the world's largest and most robust database of what good advertising can do for a brand; ranging from small business effects to those adverts with large scale business effects that transform the fortunes of a brand. When the IPA talks about business effects, it is referring to market share gain, reduction of price sensitivity, customer acquisition, profit and loyalty gain i.e. direct profit contributors and not interim effects often talked about such as awareness and attitude shift. The 18 ads were carefully selected across six different categories to represent ads that created small, medium and very large business effects. It is important to remember that even the small effect ads would be considered good by normal advertising standards and the large effect ads are those rare breakthrough ads that make a brand famous.

The results (Figure 1) are highly controversial. In fact the head of communication for one well-known packaged goods bastion of message-based/System 2-based advertising, went so far as to say, 'this is heresy!' However, she also went on to say, 'but it's absolutely intriguing'. We are currently experimenting with the IPA to test some ads that failed traditional pre-testing but which they believe could be breakthrough ads.

So what did the IPA experiment tell us? Shockingly, the ads that perform well on traditional System 2 pretesting measures (persuasion, cut-through, brand linkage, key message on message) were far less effective in the market. It would seem that designing ads to perform well on such measures actively discriminates against maximising the ad's effectiveness. It's worth remembering that the worst ads in this experiment did still achieve some effectiveness in the market, so it is possible to produce a positive return on investment (ROI) using this approach but it's just not the most effective or efficient. The ads that perform well on System 1 emotional pre-testing measures were far more effective in market. It seems that if an ad makes you feel a lot, you do a lot. The challenging part, given current dogma, is that these System 1 ads have little or no obvious brand message and yet if they move people sufficiently, they produce far greater commercial effects.

"The worst response you can get to a piece of advertising is a neutral one because if you feel nothing, you'll do nothing."

The sort of ads from recent years that we're talking about would include Cadbury Gorilla, Evian Roller Babies, Heineken Walk-in Fridge and VW's The Force (Darth Vader) ad. In the case of Cadbury Gorilla, the chairman of Cadbury is on record as saying the ad saved the company (since it had been struck by a foods scare the year before and the introduction of the ad seemed to override the memory of this and put Cadbury back into a special place in the Brits' hearts). It has also been one of the most commercially successful ads Cadbury has ever made, with a £4.88 revenue return for every £1 spent, and it improved price elasticity by 27%. No data is yet available on this year's Super Bowl hit, the VW Passat Darth Vader ad, but the tremendously positive emotions it generates suggests it is likely to produce large scale business effects, just like the Cadbury Gorilla ad.

The results from the IPA experiment have enabled us to create a star rating system indicating an ad's commercial potential, from one star 'Straight to Video' (it will cost you more money to make and air this ad than you will ever get in return), through a three star, 'Solid Performer' which is likely to produce a small but positive return on investment, to a four star 'Must See', and five star 'Blockbuster' ad that will produce large scale business effects. You can see from Figure 2 that Cadbury Gorilla (UK) and VW's The Force (US) are both 'Blockbuster' ads with significant business effectiveness.

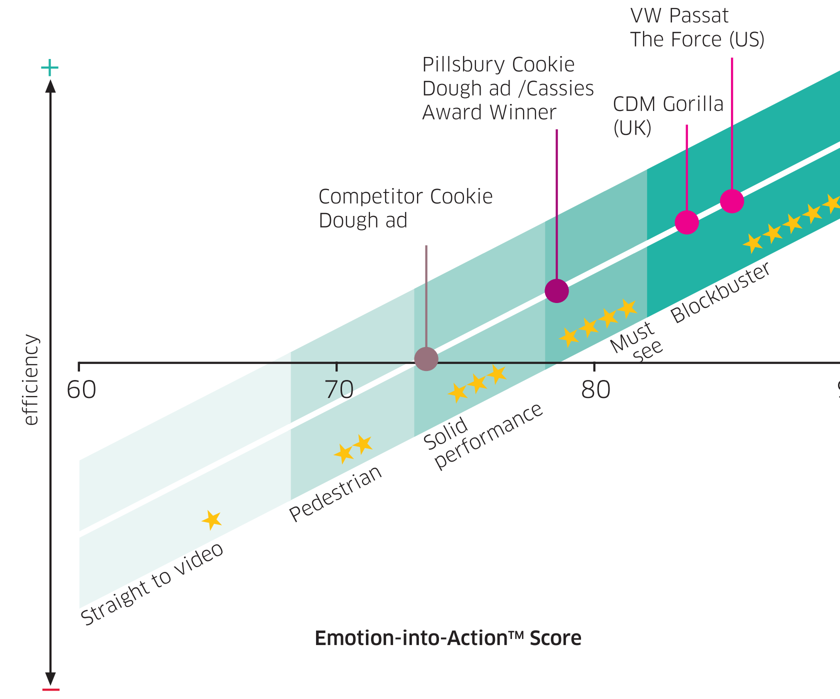
In a further experiment to show this wasn't just a UK phenomenon, we retrospectively tested four TV ads in Canada in 2010 that had won CASSIES awards for their impressive sales effects. Along with each of these ads, BrainJuicer tested a benchmark competitor ad that ran at around the same time but that had not won or been entered for a CASSIES award. We have no reason to believe the benchmark ads were in themselves poor ads; they simply give us a baseline against which to assess the strength of the award-winning ads. As in the UK, it was emotion rather than the System 2 measures that singled out the award-winning ads from the benchmarks, with 'persuasion' favouring the non-award winner in most cases.

In 2010 the IPA published a report demonstrating the superior efficiency of creative advertising. Creative advertising works because it is highly emotional and gets brands talked about. Game-changing success is not achieved by performing well on System 2 measures that require people to evaluate an advert's persuasive effect on them. Only when we look to how well advertising can influence System 1 decision-making will we learn to endorse and seek highly efficient and emotional fame advertising.

For advertising that can transform a brand's fortunes, seek pure System 1 emotional adverts and aim for fame. Your consumers will thank you for moving them, your CFO will be pleasantly surprised and your shareholders will thank you for increasing the value of their holding.

For more, visit
www.contagiousmagazine.com

Figure 2 / Prediction of efficiency using Emotion-into-Action™ Score
Efficiency defined as likely share gain/extra share of voice



Thrice Upon a Time

The power of story-telling in market research.

The following first appeared on 19 October 2011 on the Marketing Society blog.

Tom Ewing
Digital Culture Officer,
BrainJuicer Labs

For as long as I've worked in market research, we've known the power of a good story. I don't mean the stories we researchers spin from our data. Some of those, I'm sorry to say, could be beaten in the excitement stakes by See Spot Run. No, I'm talking about the stories we tell ourselves about our industry – on conference stages, across Twitter hashtags, in the pub after work.

These stories are powerful – they shape how we see ourselves and our business, and they help point us in innovative directions. Lots of them are about research participants, and more specifically what on earth is happening to them. Are they changing? Are there less of them? Do we understand them better? In this post I'm going to talk about three of these stories, and how researchers have dealt with the problems they raise.

The first story is a ghost story, of an industry haunted by lost respondents. In this story, research participants are vanishing – becoming harder to recruit, harder to incentivise, harder to work with. The basic compact of research – asking something and getting an answer – isn't the problem: it's that the things we ask are too long and tedious, and we ask far too many of them. Researchers have dealt with this technologically – developing cunning router software to industrialise the survey process – and also by embracing engagement, making surveys more attractive or turning them into games.

The second story is a science fiction story. SF is a literature of discovery, and of understanding the unknown. In this case the unknown is the eternal problem of non-response: people who simply don't ever want to take part in research. And the way we understand it is social media. Social media listening is a kind of "first contact" with an alien race of participants who (we're told) talk about their lives and brands more freely and authentically than anything a stuffy old survey could capture. This story has been very popular – and no surprise: it holds out the possibility that there are cooler, sexier, realer participants out there, who we can reach as long as we just stop asking questions and listen.

The second story seems to solve some of the problems of the first. Great! But then along comes a third story, and this story is a spy story. Not a Bond spy story, full of guns and sex (this is still research we're talking about). But a Le Carre spy story, full of paranoia and betrayal: a story where you can't trust your information, you can't trust your contacts, and eventually you can't trust yourself. The engine of this story has been the advances made around behavioural economics, social sciences and psychology, where assumptions research routinely makes about people are thrown into doubt. People are rational? Nope. People make good witnesses of their own lives? Nope. People will give you the same answer before and after lunch? Er…nope.

While the logic of the first story led to improving questions, and the logic of the second story led to abandoning them, in the third story the questions aren't the problem: the answers are what you need to watch out for. The implications of this are enormous – not just for research, but for marketing in general. One of the main reasons I recently moved to BrainJuicer is that we're making this third story – of unreliable witnesses and behavioural insights – a frame for our whole research philosophy. But our techniques aren't the only way forward – high-level analytics, for instance, promises to route around both question and answer.

These three stories seem to pull in very different directions, but really what we're dealing with here are issues of trust. On the one hand, how much do we trust ourselves to ask the right things? On the other, how much do we trust participants to give us the right answers? Answering these questions will force researchers towards innovative techniques – and new stories, some baffling, some frightening and some hopeful.

For more, visit
www.blog.marketing-soc.org.uk

Innovation is at the Heart of BrainJuicer

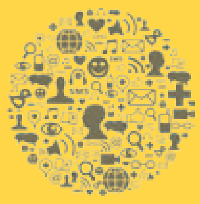
For 12 years, we've been serial innovators. We've been recognised by organisations like ESOMAR, the ARF, the 4A's, and the AMA, for our effective, dogma-challenging methodologies that deliver better understanding of consumer behaviour.

Here are four examples of our game-changing research solutions.

Creative 6ers®

At BrainJuicer, we've developed a test that identifies the most creative 6% of the population. We assemble these "Creative 6ers" into an online community of clever problem solvers and idea generators.

We share your brief & some inspiration to get their Juices flowing. Then we gather their ideas, visualise the best 50 & run a workshop with you and your team to select the top 15 for screening.



DigiViduals™

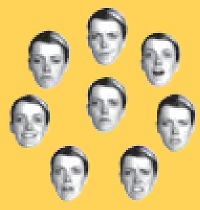
DigiViduals™ are advanced robotic researchers programmed to represent a particular marketing construct & comb the social media landscape to build a rich picture from which insights & new products can be generated. It's the immensity of the web distilled down to a human scale.

SatisTraction®

Our emotion-based methodology, SatisTraction®, uses our FaceTrace® & MindReader® technologies to assess customer experience, in both real and virtual retail environments.

SatisTraction® can deliver data in real time through an online portal, allowing managers and business stakeholders the opportunity to address customer service issues as they arise.

SatisTraction® can be deployed in-store through touch screen kiosks, iPads or mobile tablets, online after an internet purchase, or over 3G enabled mobile devices.



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ComMotion™

Great advertising can transform the fortunes of a brand. Our award-winning work clearly demonstrates the importance of measuring emotional response to advertising. Drawing on new empirical data, we show how emotional advertising leads to far greater effectiveness & efficiency. Using our FaceTrace® technology, ComMotion™ measures what people are feeling, how strongly they're feeling it, the reasons why & predicts likely commercial impact.

BrainJuicer Staff and Solutions Take Home Top Awards and Client Kudos This Year

Global recognition of our staff and Juicy solutions makes us proud and happy.

"The results from our pre-pitch research and your report are outstanding. Thank you so much for helping me out on this one – and providing Campbell-Ewald with the confidence, insights, and the extra push to be in a position to win this piece of business. Seriously, this effort was absolutely amazing and you pulled off the impossible, a day early. Your team is the best in the business. Honestly, thank you."

Casey Ingle
Global Marketing Communications Director, Owens-Illinois, formerly SVP/Director of Solutions Planning, Campbell-Ewald

"In addition to having collected a cupboard full of very well-deserved awards for bringing fresh thinking and powerful tools to the market research industry, it should not be overlooked that the BrainJuicer team provides outstanding analysis and client service. They are a pleasure to work with and consistently exceed expectations."

Bas van Waveren
Global Insights Manager, Unilever Food Solutions

"Our first Community project with BrainJuicer ran extremely smoothly on very tight timings. We were pleasantly surprised not only by the speed and depth of the analysis but also by your very professional and concise debriefs."

David J. Shaw
Senior Insights Manager, Anheuser-Busch InBev Germany

"BrainJuicer is the veritable standard bearer for the new MR revolution. It is turning old notions and outdated methodologies on their head, and buyers of market research, myself included, are joining its ranks – because these new methods work."

Kyle Nel
International and Multicultural Research, Lowe's Home Improvement

For more information about our client testimonials and awards we've won, go to www.brainjuicer.com

Business Review

CHAIRMAN'S STATEMENT

Strength in Depth

Ken Ford highlights BrainJuicer's progress in operational, strategic and financial terms in his Chairman's Statement.

Ken Ford
Chairman

I began my statement last year by commenting that "BrainJuicer has had another good year, making progress in operational and strategic as well as financial terms". The same is true of our performance in 2011. Revenues increased by 27% to £20,713,000, operating profit by 24% to £2,758,000, and diluted earnings per share by 25% to 14.1p. All of this growth stemmed from the organic development of the business.

The Board is proposing a final dividend of 2.25p, 25% higher than for 2010. This would take the full year payment to 3.0p, an increase over 2010 of 25%. The proposed payout reflects not only BrainJuicer's performance in 2011, but also the outlook for the Company, which we believe remains encouraging, and its strong financial position. At the year end, BrainJuicer had £3,683,000 in cash, compared with £2,770,000 in December 2010, and no debt.

John Kearon, our Chief Executive, and James Geddes, our Chief Financial Officer, will comment in detail on BrainJuicer's strategy and performance in the sections following this Chairman's Statement. From my perspective, however, it is again pleasing to be able to state that the Company's strategic direction remains unchanged, as has in essence been the case ever since BrainJuicer shares were listed on the London Stock Exchange in 2006.

Our continued strong revenue growth, against the background of a total market for market research which most industry observers estimate has managed little, if any, growth over the last three years or so, shows that we are consistently gaining market share. However, BrainJuicer is still a small player in international terms, and we have a major opportunity to deliver further substantial growth over the years ahead.

BrainJuicer is at the forefront of what we believe is a developing revolution in market research. We are taking discoveries about human behaviour and creating market research tools which in many cases are unique and challenge conventional wisdom. This calls for significant ongoing investment – in people, products and processes. The further expansion of our "BrainJuicer Labs" and "Juice Generation" teams in 2011 demonstrates once again our commitment to this approach.

Continued expansion of our international footprint also remains a key element of our strategy. During 2011 we opened our fourth office in the USA, in Atlanta, Georgia. We are also

Revenue growth

+27%

Operating profit growth

+24%

establishing a presence in Milan, Italy. Our offices in China and Brazil made encouraging progress in their first full year of operation. Not everything went smoothly for BrainJuicer in 2011 – it never does. The performance of our business in the Netherlands, for example, was disappointing. Our new software technology platform, developed at a cost of £1.6m, has taken time to bed in, but is now delivering an improved respondent experience and much needed additional capacity.

Over the last four years the number of BrainJuicer employees has almost trebled – from an average of 45 during 2007 to 124 in 2011. I would like to thank all our employees for their hard work, commitment and esprit de corps. As BrainJuicer has grown, so have the challenges facing our senior management team, which was further strengthened in 2011. We now have significantly more strength in depth than was the case a couple of years ago, and the team is working well together.

During 2011 Unilever Ventures, which first invested in BrainJuicer in 2003, sold its remaining 14.1% holding, and Mark Muth, Unilever Venture's representative on our board of directors, intends to resign from the board in April this year. I would like to thank Unilever Ventures, and Mark particularly, for their steadfast support over the years. I also welcome those institutional shareholders who have invested in BrainJuicer, and Robert Brand who joined our board as a non-executive in January 2012. Robert spent much of his career advising FTSE 100 and FTSE 250 companies on their link with institutional investors, and in some ways this marks a new chapter for the Company as we develop our institutional shareholder base. Meanwhile, we plan to continue building the business organically as we seek to fulfil the significant long-term potential which we believe the business has.

Ken Ford
Chairman
22 March 2012

CHIEF EXECUTIVE'S STATEMENT

Juicier and Juicier

John Kearon describes happy clients, global expansion and commitment to our Juicy way of working, in the CEO's statement.

John Kearon
Chief Juicer

BrainJuicer started life at the end of 1999 and we've spent the last 12 years developing industry challenging market research techniques that better understand and predict people's behaviour and help our clients produce more effective marketing.

We have taken recent discoveries from behavioural economics, psychology and sociology to create a suite of award-winning "Juicy" products, giving our clients predictive, nuanced and inspiring understandings of consumer behaviour. Each method challenges current industry-wide approaches and has taken years of experimentation to perfect and acquire the large-scale proof needed to convince clients of its superior performance.

Our clients are responding. In 2011, we served 199 clients, almost all of which are household names. These include 12 of the 20 biggest global buyers of market research, and our business with these 12 grew 46%. The multinational nature of the majority of our clients means the opportunity for growth is enormous. We are continuing to expand our geographic footprint to better serve these clients. Our two new developing market offices in Brazil and China both grew strongly in their first full year of operation.

"BrainJuicer offers breakthrough and innovative research technologies helping international brands to win in China market from the first footprint."

Dylan Lu, Marketing Director
Sweets & Refreshments SBU,
Greater China,
The Hershey's Company

Our reputation within the industry continues to grow, and in 2011 we won eight awards, from respected industry bodies, following our five in 2010.

Ensuring our Culture is as Juicy as our Products

To become a major global force in market research, our culture needs to be as Juicy and attractive as our products. To that end, we have embraced Dan Pink's ideas from, 'Drive: The Surprising Truth about What Motivates Us'. Here is Pink's recipe for finding your drive: know your purpose, gain mastery and seek autonomy.

Purpose

Instead of fitting staff to company prescribed roles, we're encouraging them to seek the type of work they want to do, and then we are investing time and effort to bend the organisation to fit those aspirations. Whilst there can be difficult organisational implications, we have already seen it provide hugely motivational benefits. Through this process we've formed our Labs team, developed our operational capability, improved our HR coordination, placed our first ex-pat and achieved a highly motivated client team.

Mastery

We are supporting our people with increasing levels of training and development and encouraging a great deal of self-directed learning based on interest. We have also set up the BrainJuicer Academy with a programme to ensure a consistent level of attainment and capability.

Autonomy

We're providing our people with more control over when they work, how they work and where they work. We believe that by providing our people with sufficient freedom to explore their field and pursue new ideas, we can foster an environment that encourages innovation and creativity.

Voted Most Innovative Agency

For the second year running, BrainJuicer was voted Most Innovative Agency in the GreenBook Research Industry Trends report, by over a thousand of our peers. This is testament to our tremendously successful product development, led by our expanded Labs team. We now have a suite of market challenging products, we're attracting attention, we won multiple awards and we're gaining ever increasing client buy-in.

At the front-end of the client's innovation process, DigiViduals™, Creative 6ers® and our Juicy Brains Community™ are novel ways to generate potent new insights and ideas for our clients. Revenue from Juice Generation, as we call our offer in this territory, grew by 27% and clients seem excited by the new offerings:

"BrainJuicer's DigiViduals are a revelation. They make you feel that market research has finally leapt into the C21st and the combination of their smart technology and creative researchers will be able to deliver a stream of powerful insights to large companies like ours."

Maria Fernandez,
Senior Consumer Insights
Manager, Kraft

At the next stage of the innovation process, we achieved a major advance in our ability to assess the commercial potential of Insights by introducing Insights Validator® 3.0, to replace Insights Validator 2.0. Two major multinationals use our approach to test all their Insights and the methodology is being considered by three of the 20 largest global buyers of market research as their standard way of testing insights. This tool grew 9% during 2011.

Our radical and award-winning approach to testing clients' concepts, Predictive Markets, grew 39% in 2011 and is now our biggest selling tool. The method, which pioneered the "wisdom of crowds" approach to completely challenge accepted ways of concept testing, is now used by 8 of the world's top 20 global buyers of market research and by 64 of our 199 clients.

"Predictive Markets plays a critical role in helping us strengthening and aligning our innovation funnel. Thanks to this groundbreaking methodology, we are confident we select those ideas with a genuine potential. At the end of the day, this positively impacts our commercial success rate and our speed to market."

Yvan Goupil,
Head of Insights,
SAB Miller

2011 saw major advances in the commercialisation of our advertising testing product, ComMotion™. The product is challenging long held views as to how advertising works and proving that the most commercially successful, famous adverts contain very little message and are almost pure emotion. This is still highly controversial but revenue from the product grew 27% in 2011 and it has garnered a great deal of attention from clients and advertising agencies alike.

"For SCJ, this was our first time trying the methodology, ComMotion™. Based on the great results of the test and (I hope) the business too... I expect this methodology to become our best tool in the future. Thanks for helping us to look at things from another angle (system 1) with tons of facts (system 2). Special thanks to Mark and Paul for their great support!"

Maria Salazar,
Marketing Manager,
SC Johnson

Building on our ability to measure emotions quickly and easily, anywhere in the world and in almost any environment, we made significant strides to introduce SatisTraction®, as the C21st way to measure customer and staff satisfaction. 2011 was a year of proof of concept and technological development with several multinational clients and 2012 should be the year it becomes commercial.

"You've read my mind! Your approach yields a deeper (and sometimes surprising) understanding of our visitor's experience. The SatisTraction® methodology is just the solution I've been longing for. Keep pioneering."

David Hudson, Global Creative Strategist, Imagination

Obliquity

We're on a long-term and enjoyable mission to improve the understanding and prediction of consumer behaviour. This takes innovation, dedication and determination and the degree to which we succeed will be reflected in our profitability and continued growth. We have grown consistently and strongly every year since floating in 2006 and the potential for future growth remains significant. Our revenue visibility is, as ever, limited but we are confident that the Company will make further progress in 2012.

"BrainJuicer is the Apple of market research! It is pioneering, game-changing, rich in applications, user-friendly, and fun to work with."

Omar Mahmoud, Chief Market Knowledge Officer, UNICEF

John Kearon
Chief Juicer
22 March 2012

WE BELIEVE THAT PROFITS ARE THE DIRECT RESULT OF DOING SOMETHING AWESOME AND INSPIRING FOR OUR CLIENTS.

Fresher Insights, Better Marketing

BUSINESS AND FINANCIAL REVIEW

High Growth & Yield

James Geddes reports on continued growth in this year's Business and Financial Review.

James Geddes
Chief Financial Officer

Our 2011 financial results represented our fifth year of uninterrupted organic growth in revenue, operating profit, post tax profit and earnings per share (longer if you strip out our one-off AIM flotation costs in 2006).

Yet as a consultancy services business, and one without long term contracts, our growth doesn't come easily. 2011 revenue comprised 859 bespoke projects. Each one was individually sold, needed to add significant value to a client's marketing efforts, and was delivered with our best efforts at creating insightful recommendations. Our business is therefore heavily dependent on our people, and another year of revenue growth is testimony to the quality of the team.

It is also testimony to our suite of innovative techniques (spearheaded by our Juicy tools), and to our growing reputation within our industry. Our clients include 12 of the largest buyers of market research in the world, and we have a high rate of repeat business, with 89% of 2010 revenue from clients who returned in 2011. We elicit client feedback on most projects, and continue to maintain high levels of client satisfaction.

Our proprietary software platform, through which all of our market research is delivered, and our centralised project management processes applied across all of our regions provide efficiency, cost and scale advantages in our operations. We are therefore able to charge at competitive rates, yet still generate high margins for our services. This enables us to support a relatively high central overhead and still generate attractive profits. It's primarily within these high central overheads that we're investing for future growth, for example in our expanding Labs product development team.

So whilst we are a consultancy business with all that that entails, and whilst we continue to invest for our longer term future, we have continued to grow our profits broadly in step with our growth in revenues.

Structure

Our client service market researchers operate in account management teams of on average four or five people. They are located in the UK, the US, Switzerland, Germany, the Netherlands, Brazil and China, and are in close proximity to the main buying points of our multinational clients. We also have a presence in Australia via a licence partner.

Our support functions are centralised and are based predominantly in the UK. We have a single technology infrastructure, a single operations team, a single finance function (handling payments, invoicing, and receipts for all of our offices) and single marketing, Labs and software development teams. This enables us to maintain quality standards and consistent research methods globally, with the minimum of bureaucracy. We can also expand into new geographies simply and at low cost. Within this framework, account management teams have high degrees of autonomy, and are encouraged to be creative in how they respond to client needs, and entrepreneurial in how they develop their businesses.

Financial Performance

The Company grew revenue by 27% both in absolute terms and in constant currency terms, to £20,713,000 (2010: £16,360,000), and our gross profit margin increased to 78% from 77% in 2010. Operating profit grew by 24% to £2,758,000 (2010: £2,216,000) with operating profit margin slipping a little, to 13% from 14% in 2010.

Our UK business, generating 42% of our revenues, grew by 11% following strong 42% growth in 2010, and maintained its high operating profit margin, 52% of revenue, before allocation of central overheads (2010: 52%). Our US business, our second largest, continued to grow strongly, with revenue up 42% and operating profit margin (before allocation of central overheads) up to 45% from 38% in 2010. The US market research market is the largest and most competitive in the world, and although we have only a small share, our continued progress in the US bodes well.

Our Swiss and German businesses, together comprising 19% of our revenue, also delivered strong financial results. In Switzerland we grew revenue by 57% to £2,213,000 (2010: £1,411,000) and in Germany by 126% to £1,756,000. Operating profit margins (before allocation of central overheads) were over 50% in both cases. In the Netherlands, our business declined by 29%, following a 12% decline in 2010. While disappointing, the Netherlands represents only a small part of our business (7% of revenue), and it delivered a positive, albeit small, operating profit contribution (before allocation of central overheads). China and Brazil, our two newest markets, have made an encouraging start, generating £297,000 and £450,000 of revenue respectively in their first full year of operation.

The total profit contribution of our country account management teams was £9,356,000 (2010: £7,188,000) before allocation of our central overhead costs of £6,598,000 (2010: £4,972,000). Our central overheads include a significant increase in depreciation and amortisation (£464,000, up from £154,000 in 2010) due to the deployment of our new software platform, developed over the previous four years at a total cost of £1,604,000. We began depreciating it on 1 January 2011 over an estimated useful economic life of seven years.

Interest income from our cash balances was again negligible and our effective tax rate the same as for 2010 (33%). Our profit after tax grew 25% to £1,850,000 (2010: £1,480,000).

Basic earnings per share grew to 14.8p (2010: 11.7p) and diluted earnings per share to 14.1p (2010: 11.3p). Basic earnings per share is calculated as profit after tax divided by the weighted average number of shares in issue during the year (12,461,136), up from 12,604,214 in 2010. Diluted earnings per share accounts for shares that would be issued on exercise of stock options. The weighted average number of shares for our diluted earnings per share calculation was 13,138,559 (2010: 13,101,205).

The Company generated £1,448,000 of cash flow before financing activities (i.e. dividends, share buy-backs, and stock option share issues). This was down from £1,785,000 in 2010 in spite of lower capital investment due to swings in working capital, in the main due to bonus fluctuations and a higher receivables balance. Higher growth in 2010 resulted in larger bonuses, paid at the beginning of 2011, than accrued this year, hence the negative impact on cash flow. The higher receivables balance was due to a higher percentage of revenue in December this year than last year (December 2011 revenue comprised 19% of annual revenue whereas in 2010 December revenue comprised only 16% of annual revenue).

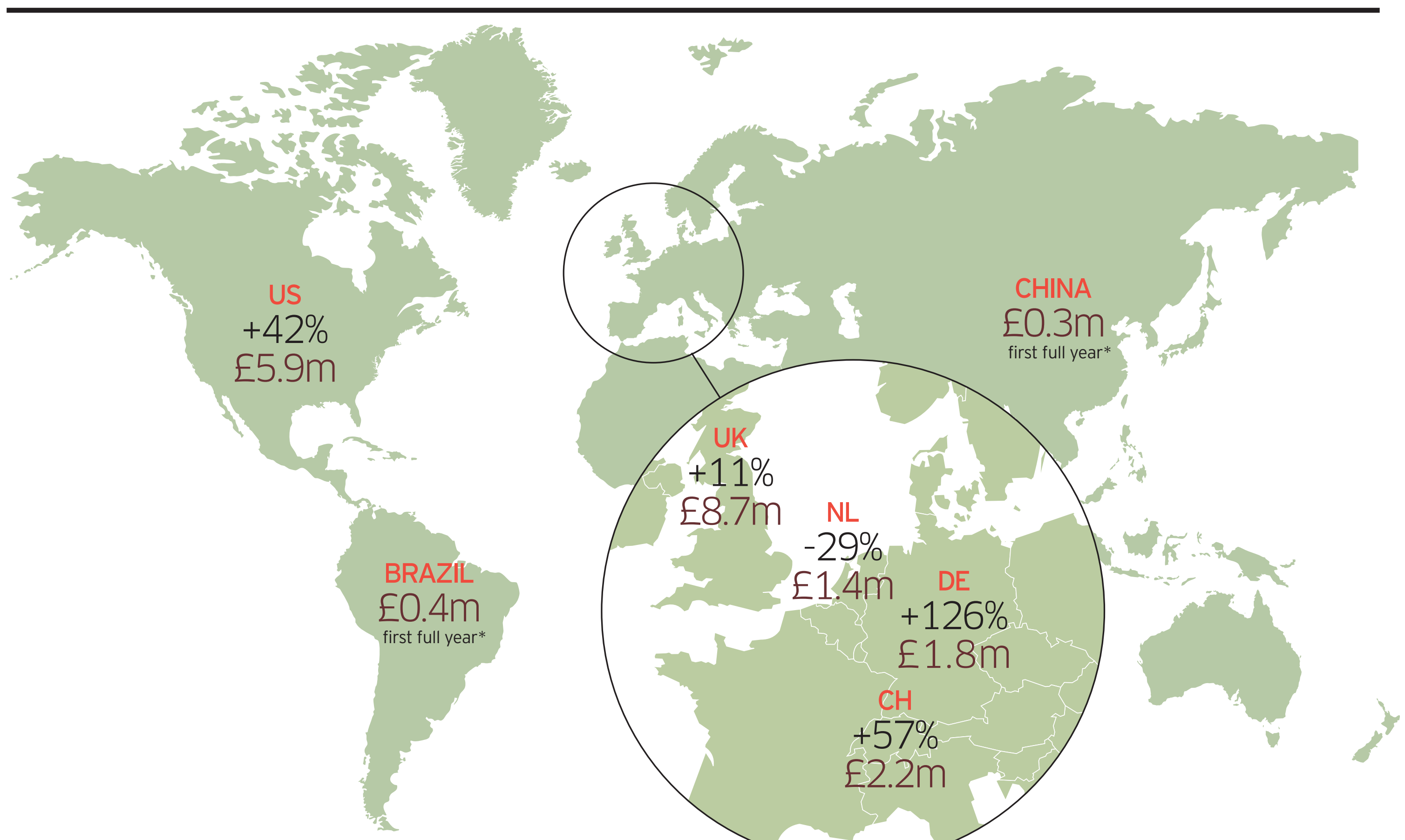
The Company paid dividends of £318,000 (2010: £247,000), being the final 2010 dividend (£224,000) and the interim 2011 dividend (£94,000). We received £216,000 on the exercise of stock options (2010: £39,000) and paid £433,000 (2010: £1,150,000) on purchasing our own shares, which were repurchases of shares issued on the exercise of stock options.

This left a net cash inflow of £913,000 (2010: £427,000), and the Company's cash balance at 31 December 2011 was £3,683,000, up from £2,770,000 at 31 December 2010. BrainJuicer has no debt.

Our issued share capital remained relatively constant over the year numbering 13,136,448 at 31 December 2011 (2010: 13,113,114 shares), and we held 657,195 of those in Treasury (2010: 660,000 shares). The Board is sensitive to the dilutive impact of stock options. The Company has therefore been repurchasing option shares as they have been exercised, and plans to continue to do so for as long as the Board believes in the Company's share price growth potential, the Company has sufficient cash resources, and providing it remains in compliance with its shareholder approved authorities and with AIM and other rules. We had 1,204,614 outstanding stock options at 31 December 2011 down from 1,368,861 as at 31 December 2010. There has been no change in the additional long-term incentive scheme for senior executives, which was set up last year (and which is described in the Remuneration Report) other than a small number of additional units issued to a new member of the team within the scheme limits.

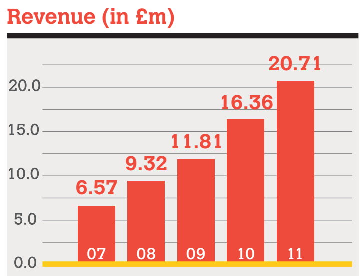
We are maintaining dividend growth broadly in line with earnings per share growth. The Company paid an interim dividend of 0.75p per share (2010: 0.6p) and the Board will be proposing a final dividend of 2.25p (net) per share (2010: 1.8p) at the Company's AGM in May. If approved, the total of the interim and final dividend of 3.0p would be 25% higher than in 2010 (2.4p), and would be broadly in line with the growth in earnings per share. If approved, the final dividend will be paid on 29th June 2012 to shareholders on the register on 1st June 2012 and the shares will become ex-dividend on 30th May 2012. Going forward, we expect to maintain dividend growth broadly in line with earnings per share.

Growth in Revenue

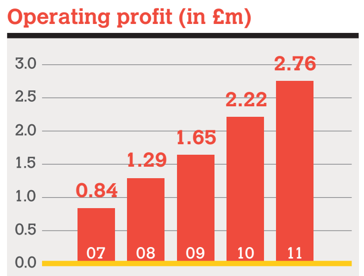


* Growth in revenue for Brazil and China is not meaningful in terms of percentage.

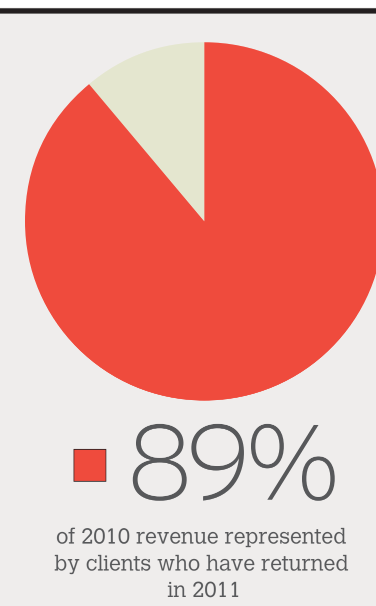
Revenue (in £m)



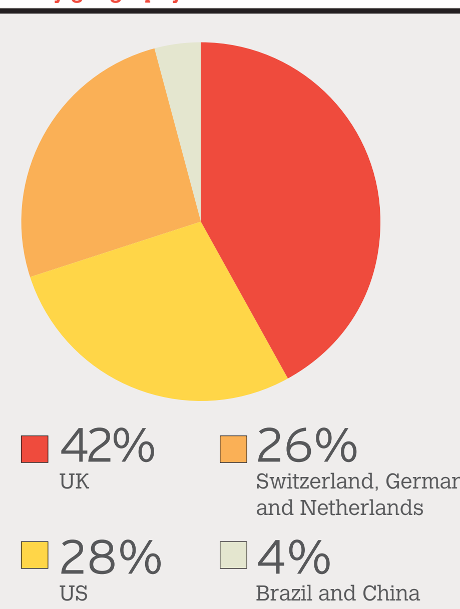
Operating profit (in £m)



Repeat business



Revenue by geography



Gross profit margin

+78%

Number of projects

859

+15%

Number of clients

199

+21%

Average headcount

124

+36%

Average revenue per project

£24k

+10%

Risks

In general terms, we take the view that eliminating all risk would stifle creativity, experimentation and entrepreneurialism, and dampen our growth. We therefore do not attempt to do so. We, however, do take risk seriously. We endeavour to identify and protect the business from the big, remote, risks – those that do not occur very often, but which, when they do, have major ramifications. The types of such event that we are concerned about and seek to manage are: loss of a significant client; loss of key personnel; material adverse event leading to significant loss of property, software, or data, or an adverse legal claim; and major outage in our survey platform ('Juicing Centre').

Loss of a significant client

This is a significant risk, and we do not take it lightly, with the percentage of business from our largest client in 2011 at 9.4% of revenue (2010: 10.6%). We therefore go to considerable lengths to monitor service quality and seek client feedback.

Loss of key personnel

The loss of a senior member of the team would have a negative impact on the business. However, we have a large management team, which includes each of our Country Managing Directors, our Head of Marketing and Business Development, our Head of SatisTraction® and Global Accounts, our Head of Labs, as well as the COO, CFO and Chief Juicer – 12 people – and so do not view the business as being overly dependent on any one individual. As with many rapidly growing businesses, we place significant demands on our people, and we are therefore at risk of staff turnover. However the work environment is stimulating and we are placing further emphasis on our culture and the way we work. We also attempt to ensure that our remuneration levels and structure encourage loyalty. We continue to offer competitive basic salaries, attractive bonuses, and a comprehensive package of benefits (commensurate with those found in larger companies) for all of our people.

Material adverse event leading to a significant loss of property, software, or data, or an adverse legal claim

We can't guarantee that all eventualities are covered, but nevertheless have continued to endeavour to protect the business from significant risks, through a combination of:

- Comprehensive professional indemnity insurance;
- Frequent and multiple back-ups and archiving of data on all servers and laptops; and
- Sufficient focus on legal protections, for example through our terms and conditions.

Major outage in our Juicing Centre

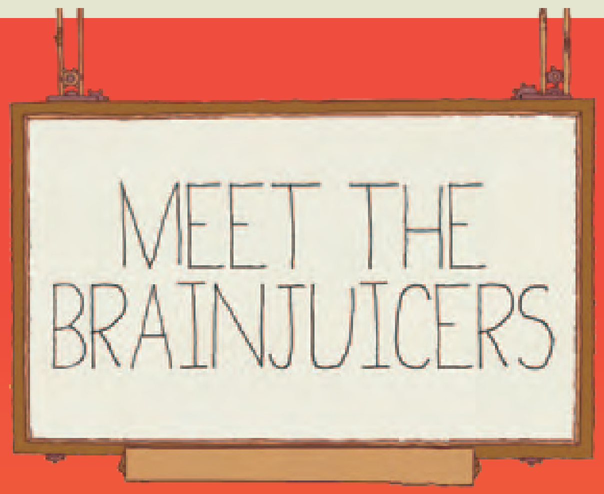
Were there to be a major outage in our Juicing Centre due, for example, to capacity constraints or a security breach, we could be prevented from building surveys, collecting data and downloading results. This may result in significant delay in delivering client projects with a consequential loss of revenue, reputational damage and the costs of remedying the situation. We have suffered relatively minor outages from time to time but none has led to significant financial loss.

Outlook

We are proud of our consistent growth in revenue and profit over the years. However, with limited revenue visibility, and most of our profits generated in our final quarter, it is difficult to comment on our outlook for 2012 at this stage in the year. Nevertheless, we remain confident that our leading techniques, client relationships and technology, together with our broadening geographic coverage and developing team, position us well for long term sustained growth.

James Geddes
Chief Financial Officer
22 March 2012

Our People



The People at our Juicy Core

We see our people not as cogs in a machine, but as living, breathing human beings, with needs, desires and aspirations of their own. We recognise and celebrate their individuality and in return they give us passion commitment and creativity.

M&A Update*

*(that is marriages and additions to families! ...not mergers and acquisitions!)

BrainJuicer employees were busy with more than simply work in 2011, so here are some significant announcements of the year.

MARRIAGES AND ENGAGEMENTS:

- Natalie Gillard married James
- Kristen Murphy married Tim
- Peter Harrison married Carmel McElroy
- Charlotte Southcott married Harry
- Eleanor Edwards got engaged to Simon

BIRTHS: (LISTED BY PARENT)

- Paul Munn, proud dad of Albert, born July 21, 2011
- Simon Wyld, proud dad of twins Grace and Jack, born August 19, 2011
- Antony Martinez, proud dad of Amelia Isabel Luisa, born December 14, 2011
- Daniel Daimler, proud dad of Mira Louise, born May 2, 2011

I'D ALWAYS WORKED AS A CONSULTANT AND FREELANCER WITH ONE FOOT IN ACADEMIA AND THE OTHER IN THE MR INDUSTRY. I ASSUMED MY RIGHT JOB COULD ONLY BE ONE THAT I CREATE FOR MYSELF – UNTIL I FOUND BRAINJUICER LABS.

JOINING THE TEAM AS SCIENTIFIC ADVISOR ALLOWED ME TO CONTINUE PURSUING MY PASSION FOR THE SOCIAL AND BEHAVIOURAL SCIENCES, WHILE MAKING REAL DIFFERENCES IN AN APPLIED RESEARCH SETTING.

ALAIN SAMSON, SCIENTIFIC ADVISOR, BRAINJUICER LABS

A LOT OF MOBILE RESEARCH METHODS ARE SIMPLY TRADITIONAL RESEARCH APPLIED TO A MOBILE PLATFORM. BRAINJUICER THINKS DIFFERENTLY. I LEFT IPSOS OTX IN ORDER TO BE IN A PLACE WHERE I COULD DEVELOP NEW APPROACHES THAT NOT ONLY CAN BE DEPLOYED IN REAL-TIME BUT INCORPORATE BEHAVIOURAL ECONOMICS TO DELIVER MORE INSIGHTFUL RESULTS THAN EVER BEFORE.

AJ JOHNSON, DIRECTOR OF INNOVATION TECHNOLOGY, BRAINJUICER LABS, FORMERLY IPSOS

I WANTED TO JOIN BRAINJUICER BECAUSE I HOPED TO FIND A COMPANY FILLED WITH INTERESTED AND INTERESTING PEOPLE DOING SMART WORK THAT MADE A DIFFERENCE. WHAT I FOUND WAS THAT, AND SO MUCH MORE – EVERYTIME I TOUCH A CLIENT I FEEL WE ARE MAKING A DIFFERENCE WITH THEM. AND THE BONUS? I GET TO SEE PEOPLE'S FACES WHEN I SAY I WORK FOR A COMPANY CALLED BRAINJUICER – DIDN'T REALISE JUST HOW MUCH FUN THAT WAS GOING TO BE.

RENE HUEY-LIPTON, SENIOR VICE PRESIDENT – JUICE GENERATION US, FORMERLY GSD&M

WHAT MAKES US SO CURIOUS ABOUT HUMAN BEHAVIOUR?

We've studied more than just statistics.

At BrainJuicer, our people are interested in human behaviour – always have, always will be. Not surprisingly, Juicers worldwide have studied from the undergraduate to post-doctoral level in the related fields of psychology, marketing and business. For many of us, though, one degree is simply not enough, and we continue to embark on traditional (and non-traditional) fields of study. Check out our degrees – and be sure not to miss the juicy ones like Artificial Intelligence and Virtual Reality – to see what make us the creative bunch we are.

JUICY FACT:

Nearly half of our Juicy staff have received PhDs and other advanced degrees and certificates.

THE CREATIVE ENERGY, FIERY AMBITIONS, AND GENUINE SOULS DREW ME TO BRAINJUICER. FROM MY FIRST CONVERSATION WITH THE CHICAGO OFFICE TO MY WRAP-UP WITH HR, I KNEW I WAS STEPPING INTO MY DESTINY. AND, ONE YEAR LATER MY DESTINY HAS NOT FAILED ME BECAUSE BRAINJUICER HAS PROVEN TO BE A WONDERFUL PLACE TO GROW, LEARN, AND BE.

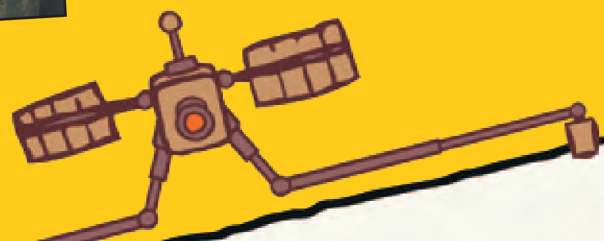
BIANCA PRYOR, SENIOR RESEARCH EXECUTIVE, BRAINJUICER CHICAGO, FORMERLY TNS

I STARTED AT BRAINJUICER AS A FRESH FACED, RECENTLY GRADUATED RESULTS ANALYST. SIX YEARS LATER I FIND MYSELF IN A DIFFERENT ROLE WITHIN WHAT FEELS LIKE A DIFFERENT COMPANY. WHAT KEEPS ME HERE? THE OBVIOUS ANSWER IS, OF COURSE, THE GREAT OPPORTUNITIES I'VE HAD: RESULTS, PANEL, PROJECT MANAGEMENT AND NOW OPERATIONS, AND THE TEAM AROUND ME (PRACTICALLY FAMILY).

RACHEL BROWN, OPERATIONS DIRECTOR

AFTER STUDYING LINGUISTICS AND MARKETING, I THOUGHT I WAS LEFT WITH TWO DISPARATE FIELDS OF STUDY. BUT AT BRAINJUICER I MERGE THESE TWO PASSIONS INTO HELPING CLIENTS UNDERSTAND WHAT REALLY MATTERS: THE STORIES TOLD IN THE NATIVE LANGUAGE OF THE CONSUMER. MY TEAM AT BRAINJUICER BRINGS MULTIPLE DISCIPLINES TO THE TABLE, ALLOWING US TO COLLABORATE, COMMUNICATE AND PURSUE A COMMON MINDSET ABOUT WHAT MAKES GREAT RESEARCH.

DANIEL DAIMLER, RESEARCH CONSULTANT, BRAINJUICER GERMANY

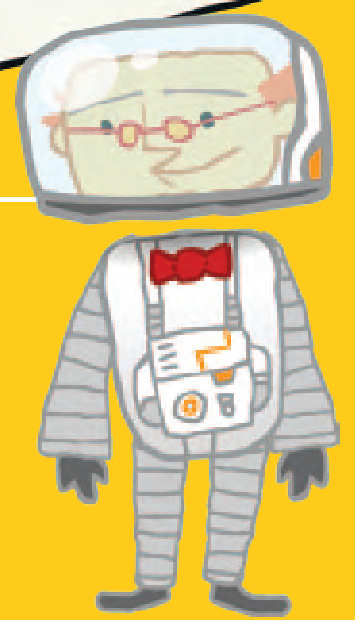


BRIAN'S BIO

After graduating from Oxford University with a BA in Analytics and Segmentation, I took an interest in all things 'Juicy': couture, fruits and brains. I'm extremely passionate about web 2.0, next generation research and of course bow ties (my favourite fashion accessory). I was, and still am, the first and only digital avatar to swim the English Channel.

Feel free to ask me questions, provided it's not about my lack of a neck (I'm so sick of questions about my neck. I do just fine without one, thank you).

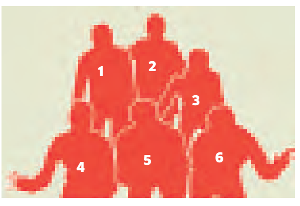
Oh! And I have a really cool blog that I share with my friends.
brianandthejuice.wordpress.com



SPANISH FORENSIC-PSYCHOLOGY COMMUNICATIONS PUBLICITY COMPUTER SCIENCE COGNITIVE SCIENCE MODERN HISTORY TOURISM MANAGEMENT ENGLISH GERMAN TRANSLATION FOOD SCIENCE SATELLITE COMMUNICATIONS AND SPACE SYSTEMS SOCIAL-RESEARCH
HISTORY OF ECONOMICS ADVERTISING JOURNALISM TYPOGRAPHIC DESIGN COMMUNICATIONS AND MEDIA ARCHITECTURE
ARTIFICIAL INTELLIGENCE CHEMICAL RESEARCH SCIENCE HISTORY POLITICAL SCIENCE SOCIOLOGY PSYCHOLOGICAL RESEARCH METHODS ENTREPENEURSHIP MULTIMEDIA DESIGN
PHILOSOPHY PACKAGING ENGLISH-LITERATURE PHYSIOLOGY PSYCHOLOGY MEDIEVAL STUDIES
FRENCH ACCOUNTING ACCOUNTING FINE ART AND DESIGN MATHEMATICS
SPORTS-PSYCHOLOGY ART HISTORY BUSINESS ADMINISTRATION LAW GEOGRAPHY ENVIRONMENTAL SCIENCE BIOLOGICAL SCIENCES
MEDIA-STUDIES GEOGRAPHY EXPERIMENTAL PSYCHOLOGY MUSIC-TECHNOLOGY
SOCIAL-PSYCHOLOGY INDUSTRIAL-DESIGN-ENGINEERING DUTCH LANGUAGE AND LITERATURE STATISTICS ELECTRONICS FRENCH-AND-ROMAN-LINGUISTICS
BUSINESS-MANAGEMENT MARKETING HISPANIC STUDIES GERMAN-PUBLIC-AFFAIRS
VIRTUAL REALITY HUMAN-GEOGRAPHY
RELIGIOUS STUDIES
AUDIO ENGINEERING
BUSINESS-ECONOMICS ECONOMICS INTERNATIONAL BUSINESS BUSINESS
MINING-ENGINEERING 17TH CENTURY FRENCH LITERATURE CORPORATE TREASURY MANAGEMENT

Corporate Governance

Board of Directors



from left to right *(1) Simon Godfrey, (2) Ken Ford, (3) Mark Muth, (4) James Geddes, (5) John Kearon, (6) Alex Batchelor*

Ken Ford
Non-executive Chairman

Ken was previously Chief Executive of Teather & Greenwood, the investment bank, becoming Deputy Chairman and Chairman of Corporate Finance in 2004, and brings 36 years of City experience to the Company, including a strong understanding of shareholder value, strategic planning and corporate transactions. Ken was Chairman of the UK Society of Investment Analysts between 1985–1987, Chairman of the Quoted Company's Alliance (QCA) in 2003–2004 and is a former member of the EU Advisory Committee to the Corporation of London. Ken's previous directorships include Aberdeen Asset Management and Morgan Grenfell.

John Kearon
Chief Executive Officer

John is responsible for overall strategic direction and commercial development of the Group. John's role in establishing and developing the BrainJuicer business made him Ernst & Young's 'Emerging Entrepreneur of the Year' in 2006. Prior to founding BrainJuicer, John founded innovation agency Brand Genetics Limited, which invented new products and services for FT500 companies. Before this John had been Planning Director of one of the UK's leading advertising agencies. John started his career over 20 years ago as a graduate of Unilever's management programme, rising to be a senior marketer at Elida Gibbs before moving into advertising.

James Geddes
Chief Financial Officer

James is responsible for the finance and administrative functions within the Group. James is a Chartered Accountant, holds a Diploma in Corporate Treasury Management and is graduate of Harvard Business School's executive programme. He has over 20 years of financial management experience and was previously Assistant Treasurer of Fosters Brewing Group Limited, Executive Director of International Corporate Finance at MediaOne Group and CFO of Iobox Oy (backed by Morgan Stanley Capital and sold to Telefonica). James has been BrainJuicer's CFO since the Unilever UK Holdings' investment in January 2003.

Alex Batchelor
Chief Operating Officer

Like John, Alex started his career at Unilever over 20 years ago, before leaving to spend 2 years in advertising and then 6 years at brand consultancy Interbrand. Then their career paths diverged and as John was establishing BrainJuicer®, Alex was Vice President Global Brand at Orange, Marketing Director at Royal Mail and CMO at TomTom. At the beginning of 2010 Alex joined BrainJuicer as Chief Operating Officer and joined the Board later in the year. He works closely with John and James Geddes on all aspects of the Company and is responsible for the account management teams and for the operations and IT infrastructure.

Mark Muth
Non-executive director

Mark is one of the three directors of Unilever Ventures and negotiated Unilever's investment in BrainJuicer in January 2003. He has over 20 years of experience in banking and venture capital. Unilever Ventures leads and manages investments in start-up and early stage companies, drawing on the Unilever group of companies' expertise in food, home and personal care consumer products to bring value to its portfolio companies.

Simon Godfrey
Non-executive director

Simon has over 30 years' experience in the quantitative research industry. Simon was a director of Research Bureau Limited (now Research International UK Limited) until 1985 when he founded Simon Godfrey Associates ("SGA"). SGA was one of the largest UK research suppliers when acquired by WPP PLC in 1998. Simon has been a non-executive director of BrainJuicer UK since the Unilever UK Holdings' investment in January 2003.

Robert Brand *(not pictured)*
Non-executive director

(Joined in January 2012). Robert began his career in 1977, initially as a research analyst and then as Managing Director of UK Equity research at BZW, then the investment banking division of Barclays Bank. In 1990 he joined Makinson Cowell, a capital markets advisory firm, as a director. Over a period of 18 years he advised a wide range of FTSE 100 and FTSE 250 companies, focussing on their link with institutional investors. He retired from Makinson Cowell in 2008.

Company Information

» **Company Secretary**
James Geddes

» **Registered Office**
1 Cavendish Place
London
W1G 0QF

» **Registered Number**
5940040

» **Solicitors**
Taylor Wessing LLP
5 New Street Square
London
EC4A 3TW

» **Independent Auditor**
Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW

» **Registrars**
Capita PLC
34 Beckenham Road
Beckenham
Kent
BR3 4TU

» **Stockbrokers**
Canaccord Genuity Limited
Cardinal Place
80 Victoria Street, 7th Floor
London
SW1E 5JL

Senior Management

Jim Rimmer
Managing Director
United Kingdom

Jim joined BrainJuicer during 2006 as UK Managing Director and is a member of the international management team. Jim is interested in applying new research thinking and methods to business issues in the area of innovation, communications and customer experience. He was previously General Manager of SGA Research International Limited and Head of Virtual Expert Community on Concept Testing and Volume Estimates. Jim is a highly experienced researcher with over 25 years' experience in consumer insights, specialising in the packaged goods sector.

Ari Popper
President
North America

Ari joined BrainJuicer in January 2007 and now leads our North American Team and is a member of our international management team. Ari was previously a Vice President at Millward Brown and Senior Manager of its Los Angeles office. Ari's areas of specialism include consumer segmentation, early creative development, brand strategy and marketing communication effectiveness.

Gabriel Aleixo
Managing Director
Brazil

Gabriel started his career working for multinational consumer goods companies managing marketing communications, online marketing and market intelligence. He started working in market research at Beiersdorf, where he set up a consumer connectivity unit in Brazil to generate consumer insights and understanding. Prior to BrainJuicer, Gabriel served as Marketing Services Director of Latin America for Philips do Brasil.

Jonathan Gable
Managing Director
Germany

Jonathan has a broad international background in FMCG marketing and research and has worked at both start-ups and well-established blue chip companies such as Colgate-Palmolive, General Mills and Dunkin' Brands. His experience as a research buyer and supplier gives him a strong understanding of client research and business needs. Jonathan originally comes from Southern California but has lived and worked in Germany for the last 25 years.

Susan Griffin
Executive Vice President, Marketing and Business Development
Global

With 20+ years of experience, Susan comes to BrainJuicer with a keen understanding of the research industry as a client as well as a consultant. She served at vendors like GMI, Material ConneXion and Aberdeen Group and, on the client side, at Thomas Publishing and at tech start ups like SoftWatch and Voyager. Susan started her career at the American Stock Exchange where she rose to the rank of Vice President. In 2010, she was appointed as US East Coast Representative to ESOMAR, and her contributions there earned her an award as Outstanding Rep in a Developed Country in 2011.

Han Zantingh
Managing Director
China

Han is a seasoned marketing professional, with experience both agency- and client-side. He started in FMCG in the Netherlands, at Kimberly-Clark and United Biscuits, gaining international and strategic experience when he joined New Solutions, a strategic marketing consultancy in London. Prior to BrainJuicer, Han served at Pernod Ricard where he focused on international brand development in Asia, first in global marketing for Chivas Regal and later as head of marketing for whiskies for Pernod Ricard China.

Mark Johnson
Managing Director
Switzerland, Italy and France

Mark started his career as a strategic planner working in branding and communication agencies – first in London, then in Paris. Before joining BrainJuicer, he went client-side for a few years working on innovation projects for Cereal Partners Worldwide (a JV between Nestlé and General Mills). Mark has advised more than 50 companies to date and has an eye for what will make the news.

Carola Verschoor
Managing Director
Netherlands

As an experienced innovator and passionate marketer, Carola has worked for almost two decades on brand identity, portfolio architecture and innovation issues within the food and beverage industry. Before joining BrainJuicer she held marketing positions on different local and global levels at Kraft Foods, the Coca-Cola Company, Danone and Sara Lee.

Orlando Wood
Managing Director, Labs
Global

Orlando is Managing Director of BrainJuicer Labs, the Company's R&D division. His work on using emotional response to communications to predict their efficiency has won numerous awards, including: The Jay Chiat Gold Award for Research Innovation (2011), The Market Research Society's David Winton Award and Best Paper Award (2010), ESOMAR's Award for Best Methodological Paper (2007) and the ISBA Advertising Effectiveness Award (2007). Orlando's industry achievements were further recognised in 2011 with a '4 Under 40 Emerging Leader' Award from the American Marketing Association and a Research Distinction Award from the Advertising Research Foundation. His work draws extensively from the study of behavioural economics, mass-ethnography and games, helping to deliver research techniques that better explain and predict human behaviour.

Federico Trovato
Chief Client Satisfaction Officer
Global

Federico is responsible for SatisTraction®, the Company's metric for customer and employee satisfaction measurement. Prior to joining BrainJuicer, Federico worked in leading companies in their respective industries such as Procter & Gamble, Benckiser, Coty/Lancaster, AC Nielsen BASES and Philips Consumer Lifestyle, in different marketing, strategy and management roles.

Directors' Report

The directors present the annual report and audited financial statements of BrainJuicer Group PLC (Registered Company Number: 5940040) for the year ended 31 December 2011.

Principal activities and business review

We are a full service quantitative market research agency.

The profit attributable to equity holders of the company for the financial year was £1,850,000 (2010: £1,480,000) as shown in the consolidated income statement set out on page 17.

A further review of the business and likely future developments of the Group is given in the Chairman's statement on page 10 and in the Business and financial review on page 11.

The Directors have declared dividends as follows:

	2011 £'000	2010 £'000
Ordinary Shares		
Interim paid, 0.75p per share (2010: 0.6p per share)	94	78
Proposed final, 2.25p per share (2010: 1.8p per share)	281	237
Total ordinary dividends, 3.0p per share (2010: 2.4p)	375	315

The interim dividend was paid on 25 October 2011 to shareholders on the register at the close of business on 23 September 2011.

The directors and their interests

The present membership of the Board is set out below. All directors served throughout the year apart from Robert Brand who was appointed to the Board on 5 January 2012.

John Kearon, James Geddes, Alex Batchelor, Ken Ford, Robert Brand, Simon Godfrey, Mark Muth

Directors' interests in the Ordinary Shares of the Company and in share options are disclosed in the Remuneration report on page 16.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Group are explained in the business and financial and review on page 11.

Key performance indicators

The main financial key performance indicators are gross profit and diluted earnings per share. During the year gross profit increased by 27% to £16.1m. Diluted earnings per share grew by 25% to 14.1 pence per share.

We consider client and employee satisfaction levels very important to the success of our business. Client satisfaction is measured through individual client feedback at the end of each project and employee satisfaction through internal surveys.

We believe innovation and credibility, evidenced by a number of industry awards, is key to developing strong client relationships.

Payments to suppliers

The Group aims to settle invoices within agreed payment terms (generally 45 days from the date that the invoice is received), provided the relevant services or goods have been received in accordance with the agreed terms and conditions. At 31 December 2011, trade payables represent 56 days of average purchases of the Group (2010: 42 days).

Donations

There were no donations to political parties or charitable organisations (2010: £nil).

Share capital

Details of changes in the share capital of the Company during the year are given in note 11 to the financial statements. As at 8 January 2012, the Company was aware of the following significant interests in the ordinary issued share capital of the Company.

	At 8 January 2012 Number	%
John Kearon	4,110,164	32.9
Blackrock Investment management (UK)	1,240,000	9.9
Liontrust Asset Management	1,203,405	9.6
Sleep, Zakaria & Company Ltd	1,100,000	8.8
Herald Investment Management Limited	700,000	5.6
Standard Life Investments Ltd	630,000	5.0
Hargreave Hale	463,788	3.7

Financial risk management objectives and policies

The Group's activities expose it to some financial risks. The Group does not consider it necessary to use any derivative financial instruments to hedge these risks.

Credit risk

We manage credit risk on a Group basis, arising from credit exposures to outstanding receivables and cash and cash equivalents. Management regularly monitor receivables reports on a Group basis. Since the vast majority of the Group's clients are large blue-chip organisations, the Group has only ever suffered minimal bad debts.

Market risk – Foreign exchange risk

In addition to the United Kingdom, the Group operates in the United States, the Netherlands, Germany, Switzerland, Brazil and China and is exposed to currency movements impacting future commercial transactions and net investments in those countries. Management believe that both foreign currency transaction and translation risk are not material to the financial performance of the Group.

Liquidity risk

The Company forecasts cashflows as part of its business planning procedures and monitors progress against forecasts on a monthly basis. Cash is not invested on a long-term basis in order to prudently manage liquidity risk.

Other risks

Management consider that price risk and interest rate risk are not material to the Group.

Capital risk management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising its return to shareholders. The Company's capital structure consists of cash and cash equivalents and equity attributable to equity holders of the parent company, issued share capital, reserves and retained earnings. The Group has no borrowings or borrowing facilities and is not subject to any externally imposed capital requirements.

Purchase of own shares

During the year the Company purchased 156,419 Ordinary Shares into treasury with an aggregate nominal value of £1,564, representing 1.19% of the called up share capital of the Company, for cash consideration of £433,000. During the year 153,614 of those treasury shares with an aggregate nominal value of £1,536, representing 1.17% of the called up share capital of the Company, were transferred to employees for cash consideration of £186,000.

Following these transactions, at 31 December 2011 the number of ordinary shares numbered 13,136,448 (2010: 13,113,114) of which shares held in treasury numbered 657,195 (2010: 660,000).

Employment policies

The Group is committed to following the applicable employment laws in each territory in which it operates. The Group is committed to fair employment practices, including the prohibition of all forms of discrimination and attempts as far as possible to give equal access and fair treatment to all employees on the basis of merit. Wherever possible we provide the same opportunities for disabled people as for others. If employees become disabled we would make every effort to keep them in our employment, with appropriate training where necessary.

Health and safety policies

The Group is committed to conducting its business in a manner which ensures high standards of health and safety for its employees, visitors and the general public.

Auditor

The auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

James Geddes
Chief Financial Officer
22 March 2012

Corporate Governance Report

Introduction

The Board of BrainJuicer Group PLC is committed to high standards of corporate governance, which it considers a pre-requisite to support the growth and ambitions of the Group. Whilst it is not a requirement for companies listed on the Alternative Investment Market ("AIM") to comply with all the provisions in the UK Corporate Governance Code June 2010, the Board takes the Code seriously. The Group also places particular importance on the guidelines issued by the Quoted Companies Alliance for Companies.

There are areas where the Group is not in compliance with the UK Corporate Governance Code June 2010 but the Directors believe that full compliance is not practicable for a group of BrainJuicer's size and at its stage of development. This report sets out the procedures and systems currently in place at BrainJuicer and explains why the Board considers them effective.

The Board

The Board comprises three executive directors and four non-executive directors. Their biographical details are presented on page 14.

The Board meets formally 11 times a year and no director in office during the year missed more than 2 meetings. The Board discharges its responsibilities through management team meetings and regular informal meetings as would be expected in a Group of BrainJuicer's size.

Ken Ford is Chairman of the Group and John Kearon its Chief Executive Officer. John is also the founder of BrainJuicer and a significant shareholder. His role centres on formulating the Group's strategy and driving its commercial development. The Board's four non-executive directors act as a sounding board and challenge the executive directors both at monthly Board meetings and on a regular and informal basis. Matters referred to the Board are considered by the Board as a whole and no one individual has unrestricted powers of decision. There are procedures and controls, including a schedule of matters that require the Board's specific approval. This schedule includes:

- Approval of the Group's strategy, long-term objectives and business plan;
- Approval of the extension of the Group's activities into new territories;
- Approval of significant capital expenditure beyond that budgeted;
- Changes relating to the Group's capital structure, including debt-raising, reduction of capital, share issues and buy backs;
- Ensuring that the Group has effective reporting and internal control systems and an adequate risk assessment procedure;
- Nominations for Board and Committee appointments; and
- Consideration of key senior management appointments.

Where directors have concerns which cannot be resolved in connection with the running of the Group or a proposed action, their concerns would be recorded in the Board Minutes. This course of action has not been required to date.

The directors can obtain independent professional advice at the Company's own expense in performance of their duties as directors.

Each year at the Annual General Meeting, one-third of directors are required to retire by rotation, provided all directors are subject to re-election at intervals of no more than three years. This year, James Geddes and Alex Batchelor are scheduled to retire by rotation and have confirmed their willingness to be put forward for re-election at the 2012 Annual General Meeting. Robert Brand, having been appointed after the 2011 Annual General Meeting, will retire and be put forward for election at the 2012 Annual General Meeting.

Non-executive directors

The four non-executive directors are considered by the Board to be independent of management. The guidance in the UK Corporate Governance Code June 2010 indicates that the non-executive directors' independence might be impaired as Mark Muth represents Unilever UK Holdings Limited, a significant shareholder for part of the year. However, the Board considers Mark to have acted in an independent manner, and at all times to have endeavoured to act in the interests of all shareholders. Moreover, Mark does not have a personal material economic interest in BrainJuicer given his personal net wealth. The terms and conditions of the non-executive directors' appointments are available for inspection at the Company's registered office.

Remuneration Committee

The membership and a summary of the terms of reference of the Remuneration Committee can be found on page 16.

Audit Committee

The Audit Committee, comprising Mark Muth (Chairman), Simon Godfrey, Robert Brand and Ken Ford, the four non-executive directors, was established on 17th November 2006. The Board considers that Mark Muth has recent and relevant financial experience. He has built a career in banking and venture capital and is a member of the Board of several small, entrepreneurial companies. If required, the committee is entitled to request independent advice at the Company's expense in order for it to effectively discharge its responsibilities.

The Committee's main role and responsibilities are to:

- Monitor the integrity of the financial statements of the Group;
- Review the Group's internal financial controls and risk management systems;
- Make recommendations to the Board, for it to put to the shareholders for their approval in relation to the appointment of the external auditor and to approve the remuneration and terms of reference of the external auditor;
- Discussion of the nature, extent and timing of the external auditor's procedures and discussion of external auditor's findings;
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
- Develop and implement policy on the engagement of the external auditor to supply non-audit services;
- Report to the Board, identifying any matters in respect of which it considers that action or improvement is required; and
- Ensure a formal channel is available for employees and other stakeholders to express any complaints in respect of financial accounting and reporting.

The Committee is scheduled to meet twice in each financial year and at other times if necessary. The Group does not currently have an internal audit function, which the Board considers appropriate for a Group of BrainJuicer's size. The Audit Committee will review risk assessments and the need for an internal audit function on a periodic basis.

Internal control procedures

The Board is responsible for the Group's system of internal controls and risk management, and for reviewing the effectiveness of these systems. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, but not absolute assurance against material misstatement or loss.

The key features of the Group's internal controls are described below:

- The Group has a clearly defined organisational structure with appropriate delegation of authority;
- The Board approves a one year budget, including monthly income statements, balance sheets and cash. The budget is prepared in conjunction with Country Managers to ensure targets are feasible;
- Forecasts are updated on a periodic basis to take into account the most recent estimates. On a monthly basis, actual results are compared to the budget and presented to the Board on a timely basis;
- The Board and senior management team review key performance indicators;
- A limited number of directors and senior executives are able to sign cheques and authorise payments. Payments are not permitted without an approved invoice or similar documentation;
- Reconciliations of key balance sheet accounts are performed and independently reviewed by the finance team.

The Board in conjunction with the Audit Committee keeps under review the Group's internal control system on a periodic basis. The Board seeks to ensure risk assessment procedures and responses are continuously improved.

Communications with shareholders

The Board recognises the importance of regular and effective communication with shareholders. The primary forms of communication are:

- The annual and interim statutory financial reports and associated investor and analyst presentations and reports;
- Announcements relating to trading or business updates released to the London Stock Exchange;
- The Annual General Meeting which provides shareholders with an opportunity to meet the Board of directors and to ask questions relating to the business.

Going concern

After making enquiries, at the time of approving the financial statements the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least 12 months from the approval of these financial statements. For this reason, the Directors continue adopt the going concern basis in preparing the financial statements.

Corporate Governance

continued »

Remuneration Report

Remuneration committee

The Group has established a Remuneration Committee, comprising the four non-executive directors, Ken Ford, Simon Godfrey, Robert Brand and Mark Muth.

The Committee's main role and responsibilities are as follows:

- To review, and determine on behalf of the Board, the specific remuneration and incentive packages for each of the Company's executive directors;
- To review, and approve on behalf of the Board, the remuneration and benefits of senior management;
- To review, and make recommendations to the Board in respect of, the design of remuneration structures and levels of pay and other incentives for employees of the Group, including share option awards and any adjustments to the terms of share ownership and share incentive schemes; and
- To be responsible for reporting to the Group's shareholders in relation to remuneration policies applicable to the Group's executive directors.

The Committee may invite the Chief Executive Officer, the Chief Finance Officer and Chief Operating Officer to attend meetings of the Remuneration Committee. The Chief Executive Officer is consulted on proposals relating to the remuneration of the Chief Finance Officer and Chief Operating Officer and of other senior executives of the Group. The Chief Executive Officer is not involved in setting his own remuneration.

The Committee may use remuneration consultants to advise it in setting remuneration structures and policies. The Committee is exclusively responsible for appointing such consultants and for setting their terms of reference.

Remuneration policy

The Group's policy on remuneration is to provide a package of benefits, including salary, bonuses and share options, which reward success and individual contributions to the Group's overall performance appropriately, while avoiding paying more than is necessary for this purpose. The Group's Articles of Association do not permit directors' remuneration to exceed £750,000 per annum in aggregate. In addition, the Remuneration Committee takes into account remuneration packages of comparable companies when making recommendations to the Board.

Performance-related elements of remuneration are designed to align the interests of executive directors with those of shareholders and accordingly are set as a significant proportion of total remuneration.

Share Options

The Group considers that active participation in a share option plan is an effective means of incentivising and retaining high quality people. Directors and employees participate in the scheme. Further details of the option plan and outstanding options as at 31 December 2011 are given in note 11 to the financial statements.

Service agreements

John Kearon and James Geddes entered into service agreements with BrainJuicer Limited, a wholly owned subsidiary of the Company on 22nd January 2003. The agreements include restrictive covenants which apply during employment and for a period of 12 months after termination.

John Kearon's agreement can be terminated on 6 months' notice in writing by either the Company or by John. James Geddes' agreement can be terminated on 12 months notice in writing by the Company and 6 months' notice by James.

Non-executive directors

The remuneration of the non-executive directors is determined by the executive directors.

Ken Ford, Mark Muth, Simon Godfrey and Robert Brand's appointments can be terminated on six months' notice in writing by either the Company or by the non-executive director.

Directors' emoluments

Remuneration in respect of the directors was as follows:

	Salary £	Benefits in kind £	Bonus £	2011 £	2010 £
John Kearon	**170,000**	**3,260**	**—**	**173,260**	210,852
James Geddes	**155,000**	**3,549**	**13,950**	**172,499**	179,347
Alex Batchelor	**155,000**	**3,157**	**13,950**	**172,107**	162,190
Ken Ford	**32,771**	**—**	**—**	**32,771**	30,000
Simon Godfrey	**38,560**	**—**	**—**	**38,560**	35,300
Mark Muth	**6,938**	**—**	**—**	**6,938**	—
	558,269	**9,966**	**27,900**	**596,135**	617,689

John Kearon voluntarily waived his bonus to provide additional bonus availability within the bonus limit the board had set, for allocation amongst the senior team. Money purchase pension contributions in respect of the directors were as follows:

	2011 £	2010 £
John Kearon	**10,200**	9,600
James Geddes	**9,300**	8,135
Alex Batchelor	**9,300**	7,425
	28,800	25,160

Directors' interests

Directors' interests in Ordinary Shares of 1p each as at 31 December 2011 are shown below:

	Number of 1p ordinary shares	
	31 December 2011	1 January 2011
John Kearon	**4,110,164**	5,210,164
James Geddes	**173,325**	248,325
Alex Batchelor	**101,852**	101,852
Ken Ford	**20,000**	20,000
Simon Godfrey	**44,298**	84,298

Directors' interests in share options over 1p Ordinary Shares in the Company were as follows:

Employee share scheme

Date of grant	Earliest exercise date	Exercise price (p)	Number at 1 Jan 2011	Granted in year	Exercised in year	Number at 31 Dec 2011
John Kearon						
19/01/2007	01/01/2008	162.5p	60,213	—	—	**60,213**
James Geddes						
19/01/2007	01/01/2008	162.5p	60,213	—	—	**60,213**
Alex Batchelor						
22/03/2010	01/04/2011	149.0p	113,334	—	—	**113,334**
18/05/2010	01/01/2011	0.0p	116,667	—	—	**116,667**
			230,000	—	—	**230,000**
			350,426	—	—	**350,426**

Long term incentive scheme

In 2010 the Company established a long term incentive plan for senior executives.

The awards vest on 30 April 2014 (the "Performance Date"), if what is called the "Achieved Share Price" is at least £3 per share, where the Achieved Share Price is the average of the market value of a share for a period of 30 days finishing on 29 April 2014.

The total value payable under the scheme is calculated as 15% of the difference between the Achieved Share Price (if in excess of £3 per share), and £3 per share multiplied by the number of issued shares at the Performance Date. This is then allocated amongst the participants in the scheme in accordance with the number of units they were granted, as a percentage of the total number of units available to be awarded under the scheme (10,000 units).

Each of the three executive directors (John Kearon, James Geddes and Alex Batchelor), were awarded 1,235 units. So the percentage of the total value payable under the scheme to each of them would be 12.35%.

Payment under the scheme will be by way of shares (or zero cost options), where the number of shares (or zero cost options) granted to participants would be determined by reference to the value of the units and the share price at the Performance Date.

The number of units awarded to directors during the year was as follows:

Date of award	Performance Date	Expiry date	Share price target	Number at 1 Jan 2011	Granted in year	Exercised in year	Number at 31 Dec 2011
John Kearon							
18/05/2010	30/04/2014	18/05/2020	£3	1,235	—	—	**1,235**
James Geddes							
18/05/2010	30/04/2014	18/05/2020	£3	1,235	—	—	**1,235**
Alex Batchelor							
18/5/2010	30/04/2014	18/05/2020	£3	1,235	—	—	**1,235**

The Remuneration Committee believes that the dilution to shareholders would be relatively modest, given the growth in the Group's share price that must be achieved before any shares are awarded.

Simon Godfrey
Chairman of the Remuneration Committee
22 March 2012

Statement of Directors' Responsibilities

The directors are responsible for preparing the Consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs and United Kingdom Accounting Standards in respect of the group and parent company financial statements respectively, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Remuneration report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

James Geddes
Company Secretary
and Chief Financial Officer
22 March 2012

Independent Auditor's Report

To the members of BrainJuicer Group PLC

We have audited the financial statements of BrainJuicer Group PLC for the year ended 31 December 2011 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cashflow statement, the consolidated statement of changes in equity, the Company balance sheet and the related notes.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' responsibilities set out on page 14 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's and the Company's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Malcolm Gomersall
Senior Statutory Auditor
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants
Central Milton Keynes
22 March 2012

Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 continued on next page »

Consolidated Income Statement

For the year ended 31 December 2011	Note	2011 £'000	2010 £'000
Revenue	4	**20,713**	16,360
Cost of sales		**(4,650)**	(3,738)
Gross profit		**16,063**	12,622
Administrative expenses		**(13,305)**	(10,406)
Operating profit	4	**2,758**	2,216
Investment income – bank interest	18	**2**	1
Profit before taxation		**2,760**	2,217
Income tax expense	19	**(910)**	(737)
Profit for the financial year		**1,850**	1,480
Attributable to equity holders of the Company		**1,850**	1,480
Earnings per share for profit attributable to the equity holders of the Company			
Basic earnings per share	21	**14.8p**	11.7p
Diluted earnings per share	21	**14.1p**	11.3p

All of the activities of the Group are classed as continuing.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011	2011 £'000	2010 £'000
Profit for the financial year	**1,850**	1,480
Other comprehensive income:		
Exchange differences on translating foreign operations	**(47)**	23
Other comprehensive income for the year, net of tax	**(47)**	23
Total comprehensive income for the year and amounts attributable to equity holders	**1,803**	1,503

Consolidated Balance Sheet

As at 31 December 2011	Note	2011 £'000	2010 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**291**	259
Intangible assets	6	**1,449**	1,623
Financial assets – available for sale investments	7	**133**	133
Deferred tax asset	20	**288**	97
		2,161	2,112
Current assets			
Inventories	9	**50**	47
Trade and other receivables	10	**6,087**	4,719
Cash and cash equivalents		**3,683**	2,770
		9,820	7,536
Total assets		**11,981**	9,648
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	**131**	131
Share premium account		**1,579**	1,549
Merger reserve		**477**	477
Foreign currency translation reserve		**125**	172
Retained earnings		**4,676**	2,990
Total equity		**6,988**	5,319
LIABILITIES			
Non-current			
Provisions	12	**156**	78
Non-current liabilities		**156**	78
Current			
Provisions	12	**47**	—
Trade and other payables	13	**4,377**	4,004
Current income tax liabilities		**413**	247
Current liabilities		**4,837**	4,251
Total liabilities		**4,993**	4,329
Total equity and liabilities		**11,981**	9,648

Consolidated Cash Flow Statement

For the year ended 31 December 2011	Note	2011 £'000	2010 £'000
Net cash generated from operations	24	**2,565**	3,536
Tax paid		**(770)**	(675)
Net cash generated from operating activities		**1,795**	2,861
Cash flows from investing activities			
Acquisition of subsidiary, net of cash received		**—**	(43)
Purchases of property, plant and equipment		**(232)**	(272)
Purchase of intangible assets		**(117)**	(762)
Interest received		**2**	1
Net cash used by investing activities		**(347)**	(1,076)
Net cash flow before financing activities		**1,448**	1,785
Cash flows from financing activities			
Proceeds from issue of shares and sale of treasury shares		**216**	39
Dividends paid to owners		**(318)**	(247)
Purchase of own shares		**(433)**	(1,150)
Net cash used by financing activities		**(535)**	(1,358)
Net increase in cash and cash equivalents		**913**	427
Cash and cash equivalents at beginning of year		**2,770**	2,343
Cash and cash equivalents at end of year		**3,683**	2,770

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011	Note	Share capital £'000	Share premium account £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2010		129	1,447	477	149	2,533	4,735
Profit for the financial year		—	—	—	—	1,480	1,480
Other comprehensive income:							
Currency translation differences		—	—	—	23	—	23
Total comprehensive income		—	—	—	23	1,480	1,503
Transactions with owners:							
Employee share options scheme:							
– value of employee services		—	—	—	—	308	308
– proceeds from shares issued		1	37	—	—	—	38
– current tax credited to equity		—	—	—	—	66	66
Dividends paid to owners		—	—	—	—	(247)	(247)
Purchase of own shares		—	—	—	—	(1,150)	(1,150)
Non-employee share based payment		1	65	—	—	—	66
		2	102	—	—	(1,023)	(919)
At 31 December 2010		131	1,549	477	172	2,990	5,319
Profit for the financial year		—	—	—	—	1,850	1,850
Other comprehensive income:							
Currency translation differences		—	—	—	(47)	—	(47)
Total comprehensive income		—	—	—	(47)	1,850	1,803
Transactions with owners:							
Employee share options scheme:							
– value of employee services		—	—	—	—	236	236
– proceeds from shares issued		—	30	—	—	—	30
– deferred tax credited to equity	20	—	—	—	—	138	138
– current tax credited to equity		—	—	—	—	27	27
Dividends paid to owners		—	—	—	—	(318)	(318)
Sale of treasury shares		—	—	—	—	186	186
Purchase of treasury shares		—	—	—	—	(433)	(433)
		—	30	—	—	(164)	(134)
At 31 December 2011		**131**	**1,579**	**477**	**125**	**4,676**	**6,988**

Registered Company No. 5940040

These financial statements were approved by the directors on 22 March 2012 and are signed on their behalf by:

John Kearon
Director

James Geddes
Director

The notes on pages 18 to 21 are an integral part of these consolidated financial statements.

Financial Statements
continued »

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 continued on next page »

Notes to the Consolidated Financial Statements

For the year ended 31 December 2011

1. General information

BrainJuicer Group PLC ("the Company") was incorporated on 19 September 2006 in the United Kingdom. The Company's principal operating subsidiary company, BrainJuicer Limited was at that time already well established, having been incorporated on 29th December 1999. The Company is United Kingdom resident. The address of the registered office of the Company, which is also its principal place of business, is given on page 14. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM").

The Company and its subsidiaries (together "the Group") provide on-line market research services. Further detail of the Group's operations and its principal activity is set out in the Directors' Report on page 15.

The financial statements for the year ended 31 December 2011 (including the comparatives for the year ended 31 December 2010) were approved by the board of directors on 22 March 2012.

2. Basis of Preparation

The Group has prepared its Consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted in the European Union, IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pounds Sterling (GBP), which is the Company's functional and presentation currency.

3. Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011.

Revised IAS 24 (revised), 'Related party disclosures' (effective from 1 January 2011)

Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with government and other government-related entities.

Standards, amendments and interpretations in issue but not yet effective

The following standards, amendments and interpretations to existing standards, relevant to the financial statements of the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2012 or later periods, but the Group has not adopted them early:

IFRS 9, 'Financial Instruments' (effective from 1 January 2015).

In November 2009, the IASB issued IFRS 9 'Financial Instruments' as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied for all accounting periods beginning on or after 1 January 2015 (once endorsed by the EU), with early adoption permitted. Of particular relevance to the Group will be the measurement of equity instruments. All equity investments within the scope of IFRS 9 are to be measured at fair value in the balance sheet, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to report value changes in 'other comprehensive income'. There will be no 'cost exception' for unquoted equities. As explained in Note 7 to these financial statements, at the balance sheet date the carrying amount of unquoted equities and related derivatives measured at cost amounts to £133,000 (2010: £133,000). From 1 January 2015, there will be no exemption from the requirement to measure such instruments at fair value where the underlying securities are unquoted.

IFRS 10, 'Consolidated Financial Statements' (effective 1 January 2013).

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. We do not expect the adoption of this standard to have a significant impact on the financial statements of the Group.

IFRS 11, 'Joint Arrangements' (effective 1 January 2013).

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting. As the Group has no joint arrangements the adoption of this standard will not have an impact on the financial statements of the Group.

IFRS 12, 'Disclosure of Interests in Other Entities' (effective 1 January 2013).

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards. We do not expect the adoption of this standard to have a significant impact on the financial statements of the Group.

IFRS 13, 'Fair Value Measurement' (effective 1 January 2013).

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IAS 19, 'Employee Benefits' (Revised June 2011) (effective 1 January 2013).

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. As the Group has no defined benefit plans or termination benefits the adoption of this standard will not have a significant impact on the financial statements of the Group.

IAS 27 (Revised), 'Separate Financial Statements' (effective 1 January 2013).

The changes made to IAS 27 (Revised) 'Separate Financial Statements' are consequential changes arising from the publication of the new IFRSs. The main change is that IAS 27 (Revised) will now solely address separate financial statements, the requirements for which are substantially unchanged from the previous version of the Standard.

IAS 28 (Revised), 'Investments in Associates and Joint Ventures' (effective 1 January 2013).

Prior to the publication of this package of new Standards, the accounting for joint ventures was addressed solely by IAS 31 'Interests in Joint Ventures'. Following the publication of the new Standards, an entity should now apply IFRS 11 to determine the type of joint arrangement in which it is involved. Consequential changes have been made to the scope of IAS 28 so that once an entity has determined that it has an interest in a joint venture, it accounts for it using the equity method in accordance with IAS 28 (Revised). The mechanics of equity accounting set out in the revised version of IAS 28 remain the same as in the previous version.

Disclosures – Transfers of Financial Assets – Amendments to IFRS 7 (effective 1 July 2011).

This Amendment amends the disclosures required under IFRS 7, to help users of financial statements evaluate the risk exposures relating to more complex transfers of financial assets and the effect of those risks on an entity's financial position.

Deferred Tax: Recovery of Underlying Assets – Amendments to IAS 12 Income Taxes (effective 1 January 2012).

In December 2010, the IASB published some limited scope amendments to IAS 12 'Income Taxes'. These are relevant when an entity elects to use the fair value model in IAS 40 'Investment Property'.

Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 (effective 1 July 2012).

The main change is a requirement for entities to group items presented in other comprehensive income into those that, in accordance with other IFRSs: a) will not be reclassified subsequently to profit or loss b) will be reclassified subsequently to profit or loss when specific conditions are met.

Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 (effective 1 January 2013).

The Amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting arrangements or similar agreements.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (effective 1 January 2014).

The Amendments to IAS 32 clarify that an entity currently has a legally enforceable right to set-off if that right is: not contingent on a future event; and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 December 2011. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

All transactions and balances are eliminated on consolidation. Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost of all property, plant and equipment to its residual value on a straight-line basis over its expected useful economic lives, which are as follows:

Furniture, fittings and equipment	5 years
Computer hardware	2 to 3 years

The residual value and useful life of each asset is reviewed and adjusted, if appropriate, at each balance sheet date.

Intangible assets

Goodwill

Goodwill on acquisition of subsidiaries is included in Intangible Assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Software

Acquired computer software licenses are capitalised at the cost of acquisition. These costs are amortised on a straight-line basis over their estimated useful economic life of two years. Such amortisation is charged to administrative expenses.

Costs incurred in the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include professional fees and directly attributable employee costs required to bring the software into working condition. Non-attributable costs are expensed under the relevant income statement heading.

Furthermore, internally-generated software is recognised as an intangible asset only if the Group can demonstrate all of the following conditions:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) its intention to complete the intangible asset and use or sell it;
(c) its ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits;
(e) among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
(f) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
(g) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets are amortised on a straight-line basis over their useful economic lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to administrative expenses in the period in which it is incurred. Once completed, and available for use in the business, internally developed software is amortised on a straight line basis over its useful economic life which varies between 2 and 7 years.

The Company's new software platform was brought into use on 1 January 2011 and is being amortised over its estimated useful economic life of 7 years.

Impairment of property, plant and equipment and intangible assets

At each balance sheet date the Group reviews the carrying amount of its property, plant and equipment and intangible assets for any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets not available for use are tested for impairment on at least an annual basis. The recoverable amount is the higher of the fair value less costs to sell and value in use.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits available on demand.

Inventories – work in progress

Work in progress comprises directly attributable costs on incomplete market research projects and is held in the balance sheet at the lower of cost and net realisable value.

Income taxes

Current income tax liabilities comprise those obligations to fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement, except where it relates to items charged or credited to other comprehensive income or directly to equity.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as a component of tax expense in the income statement, except where it relates to items charged or credited to other comprehensive income or directly to equity.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income statement net of any incentives received from the lessor on a straight line basis over the period of the lease.

Revenue recognition

Revenue is recognised only after the final written debrief has been delivered to the client, except on the rare occasion that a large project straddles a financial period end, and that project can be sub-divided into separate discrete deliverables; in such circumstances revenue is recognised on delivery of each separate deliverable. Revenue is measured by reference to the fair value of consideration receivable, excluding sales taxes.

Employee benefits

All accumulating employee-compensated absences that are unused at the balance sheet date are recognised as a liability.

The Group operates several defined contribution pension plans. The Group pays contributions to these plans based upon the contractual terms agreed with each employee. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 continued on next page »

3. Principal accounting policies continued

Share-based payment transactions

The Group issues equity settled share-based compensation to certain employees (including directors). Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Group's estimate of the shares that will eventually vest. These estimates are subsequently revised if there is any indication that the number of options expected to vest differs from previous estimates.

Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods.

The fair value of option awards with time vesting performance conditions are measured at the date of grant using the Hull-White option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value of awards made with market-based performance conditions (for example, the entity's share price) are measured at the grant date using a Monte Carlo simulation method. The awards made in respect of the Group's long term incentive scheme have been measured using such a method.

Non-employee share-based payments made through the issue of the Company's ordinary shares are measured at the date of grant based upon the market value of the shares awarded.

Social security contributions payable in connection with the grant of share options is considered integral to the grant itself, and the charge is treated as a cash-settled transaction.

Provisions

Provisions for dilapidations are recognised when: the group has a legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Foreign currencies

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ('the functional currency'). The consolidated financial statements are presented in Sterling ('GBP'), which is the Company's functional and the Group's presentation currency.

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses arising from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date;
(b) income and expenses for each income statement are translated at average exchange rates; and
(c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the main decision-making body of the Company, which is the Board of Directors. The Board is responsible for allocating resources and assessing performance of the operating segments.

Financial instruments

Financial assets

The Group classifies its financial assets into the following categories: loans and receivables and available-for-sale financial assets. The classification is determined by management at initial recognition, being dependent upon the purpose for which the financial assets were acquired. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Trade receivables are initially recorded at fair value, but subsequently at amortised cost using the effective interest rate method. Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Available-for-sale financial assets

'Available-for-sale' financial assets include all financial assets other than derivatives, loans and receivables. They are classified as non-current unless management intend to dispose of the investment within 12 months of the balance sheet date. Investments are initially recorded in the balance sheet at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value, with changes recognised in other comprehensive income.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (or the financial asset is an unlisted security), the Group establishes fair value by reference to other recent comparable arm's length transactions or other quoted instruments that are substantially the same, and, or, by discounted cash flow analysis.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to (and must be settled by delivery of) such unquoted equity instruments, are measured at cost.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Financial liabilities

Financial liabilities are initially recognised at fair value, net of transaction costs, and subsequently carried at amortised cost using the effective interest rate method. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Trade payables

Trade payables are initially recorded at fair value, but subsequently at amortised cost using the effective interest rate method.

Share capital

Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share premium

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Merger reserve

The merger reserve represents the difference between the parent company's cost of investment and a subsidiary's share capital and share premium. The merger reserve in these accounts has arisen from a group reconstruction upon the incorporation and listing of the parent company that was accounted for as a common control transaction. Common control transactions are accounted for using merger accounting rather than the acquisition method.

Foreign currency translation reserve

The foreign currency translation reserve represents the differences arising from translation of investments in overseas subsidiaries.

Treasury shares

Where the Company purchases the Company's equity share capital, the consideration paid is deducted from the total shareholders' equity and classified as treasury shares until they are cancelled. Where such shares are subsequently sold or re-issued, any consideration received is included in total shareholders' equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Significant accounting estimates and judgements

Financial instruments

As explained in Note 7, during 2009 and 2008 the Group acquired an interest in an unlisted company, Slater Marketing Group Pty Limited ("Slater"). Under the terms of the share purchase agreement, cash consideration of AUD$1,040,000 and a variable number of ordinary shares to the value of AUD$1,000,000 become payable on or before 31 December 2012 subject to certain performance conditions being met by Slater. On the last working day of February, May, August and November in each of 2009, 2010, 2011 and 2012, the Group has the option to acquire Slater whether or not the performance conditions have been satisfied.

Because there is no active market for the shares of Slater and given the range of possible outcomes, no reliable method of valuation, the investment and associated derivatives in respect of the share purchase agreement for the acquisition of Slater have been recorded at cost.

If it were possible to reliably value the investment and related derivatives the investment would be recorded at fair value, with changes in fair value taken to equity. The derivatives would be categorised as financial instruments, they would be recorded at fair value, and any changes in their fair value would be recorded in the income statement.

Consolidation

The share purchase agreement for the acquisition of Slater has not been accounted for as an acquisition as control has not passed to the Group.

Although the Group has a call option over the share capital of Slater, the option was not exercisable at the balance sheet date. In our view, therefore, it would not be appropriate to consolidate the assets and liabilities of Slater given that control cannot be demonstrated.

Share based payments

The fair value of options granted is determined using the Hull-White option valuation model (for the employee share option scheme) and a Monte Carlo simulation model (for the long term incentive scheme). These models require a number of estimates and assumptions. The significant inputs into the models are share price at grant date, exercise price, historic exercise multiples, expected volatility and the risk free rate. Volatility is measured at the standard deviation of expected share prices returns based on statistical analysis of historical share prices.

Employee benefits

As explained in Note 12, during the year the Group introduced a sabbatical leave scheme, open to all employees, that provides 20 days paid leave after six years' service. The provision for liabilities under the scheme is measured using the projected unit credit method. This model requires a number of estimates and assumptions. The significant inputs into the model are rate of salary growth and average staff turnover.

4. Segment information

The Board of Directors review the Group's internal reports in order to assess performance and allocate resources and have determined the operating segments.

The Board considers the business from both a geographic and product perspective, and when reviewing product performance, looks particularly at the split between what it categorises as 'Juicy' and 'Twist' products.

When reviewing the financial performance of each operating segment, the Board look at revenue, gross profit, and operating profit/(loss) before allocation of central overheads. Interest income is not included in the result for each operating segment.

	2011		2010	
	Revenue from external customers £'000	**Operating Profit/(loss)* £'000**	Revenue from external customers £'000	Operating Profit/(loss) £'000
United Kingdom	**8,697**	**4,539**	7,858	4,065
North America	**5,868**	**2,616**	4,143	1,589
Switzerland	**2,213**	**1,139**	1,411	710
Germany	**1,756**	**948**	778	255
Netherlands	**1,432**	**272**	2,007	686
China	**297**	**(68)**	82	(45)
Brazil	**450**	**(90)**	81	(72)
	20,713	**9,356**	16,360	7,188
Juicy	**11,667**	**56%**	8,845	54%
Twist	**9,046**	**44%**	7,515	46%
	20,713		16,360	

Juicy products are BrainJuicer's new methodologies that challenge traditional approaches. Twist products are industry standard quantitative research methods with an added twist: BrainJuicer's qualitative diagnostics.

**Segmental operating profit excludes costs relating to central services provided by our Operations, IT, Marketing, HR and Finance teams and our Board of Directors.*

A reconciliation of total operating profit for reportable segments to total profit before income tax is provided below:

	2011 £'000	2010 £'000
Operating profit for reportable segments	**9,356**	7,188
Central overheads	**(6,598)**	(4,972)
Operating profit	**2,758**	2,216
Finance income – bank interest	**2**	1
Profit before income tax	**2,760**	2,217

Revenues are attributed to geographical areas based upon the location in which the sale originated.

IFRS 8 has been amended so that a measure of segment assets is only required to be disclosed if the measure is regularly provided to the chief operating decision maker. The amendment is effective for periods beginning on or after 1 January 2011.

Consolidated cash, trade receivable, property, plant and equipment and intangible asset balances are regularly provided to the chief operating decision-maker but segment assets and segment liabilities are not provided.

BrainJuicer Group PLC is domiciled in the UK. The result of its revenue from external customers in the UK is £8,697,000 (2010: £7,858,000), and the total of revenue from external customers from other countries is £12,016,000 (2010: £8,502,000).

The total of non-current assets other than financial instruments and deferred tax assets located in the UK is £1,624,000 (2010: £1,837,000), and the total of these non-current assets located in other countries is £116,000 (2010: £40,000).

Revenues of £1,944,000 (2010: £1,736,000) are derived from a single external customer. £1,245,000 (2010: £830,000) of these revenues are attributable to the UK operating segment with £165,000 (2010: £574,000), £471,000 (2010: £307,000) and £63,000 (2010: £Nil) attributable to the Netherlands, North American and Chinese segments respectively.

5. Property, plant and equipment

For the year ended 31 December 2011	Furniture, fittings and equipment £'000	Computer hardware £'000	Total £'000
At 1 January 2011			
Cost	**278**	**368**	**646**
Accumulated depreciation	**(128)**	**(259)**	**(387)**
Net book amount	**150**	**109**	**259**
Year ended 31 December 2011			
Opening net book amount	**150**	**109**	**259**
Additions	**39**	**193**	**232**
Depreciation charge for the year	**(65)**	**(126)**	**(191)**
Foreign exchange	**(11)**	**2**	**(9)**
Closing net book amount	**113**	**178**	**291**
At 31 December 2011			
Cost	**306**	**565**	**871**
Accumulated depreciation	**(193)**	**(387)**	**(580)**
Net book amount	**113**	**178**	**291**

For the year ended 31 December 2010	Furniture, fittings and equipment £'000	Computer hardware £'000	Total £'000
At 1 January 2010			
Cost	118	254	372
Accumulated depreciation	(69)	(191)	(260)
Net book amount	49	63	112
Year ended 31 December 2010			
Opening net book amount	49	63	112
Additions	160	113	273
Depreciation charge for the year	(59)	(68)	(127)
Foreign exchange	—	1	1
Closing net book amount	150	109	259
At 31 December 2010			
Cost	278	368	646
Accumulated depreciation	(128)	(259)	(387)
Net book amount	150	109	259

Financial Statements

continued »

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6. Intangible assets

	Goodwill £'000	Software licences £'000	Software £'000	Software development in progress £'000	Total £'000
At 1 January 2011					
Cost	6	208	68	1,604	1,886
Accumulated amortisation	—	(195)	(68)	—	(263)
Net book amount	6	13	—	1,604	1,623
Year ended 31 December 2011					
Opening net book amount	6	13	—	1,604	1,623
Additions	—	99	—	—	99
Transfers	—	—	1,604	(1,604)	—
Amortisation charge	(6)	(38)	(229)	—	(273)
Closing net book amount	—	74	1,375	—	1,449
At 31 December 2011					
Cost	6	307	1,672	—	1,985
Accumulated amortisation	(6)	(233)	(297)	—	(536)
Net book amount	—	74	1,375	—	1,449

During the year the Group introduced its new software platform, JC2. Being ready for use, the platform was transferred from Software development in progress to Software at a cost of £1,604,000. It is being amortised over 7 years.

	Goodwill £'000	Software licences £'000	Software £'000	Software development in progress £'000	Total £'000
At 1 January 2010					
Cost	—	198	68	832	1,098
Accumulated amortisation	—	(168)	(68)	—	(236)
Net book amount	—	30	—	832	862
Year ended 31 December 2010					
Opening net book amount	—	30	—	832	862
Additions	6	10	—	772	788
Amortisation charge	—	(27)	—	—	(27)
Closing net book amount	6	13	—	1,604	1,623
At 31 December 2010					
Cost	6	208	68	1,604	1,886
Accumulated depreciation	—	(195)	(68)	—	(263)
Net book amount	6	13	—	1,604	1,623

7. Financial assets – available for sale investments

In 2008 the Group acquired an interest of 3.64% in Slater Marketing Group Pty Limited, an unlisted company incorporated in Australia, for cash consideration of £40,000 plus transaction costs of £50,000. During 2009 the Group acquired a further interest of 3.64% for cash consideration of £43,000.

Under the terms of the share purchase agreement, cash consideration of AUD$1,040,000 (£684,000) and a variable number of ordinary shares to the value of AUD$1,000,000 become payable on or before 31 December 2012 subject to certain performance conditions being met by Slater Marketing Group Pty Limited. On the last working day of February, May, August and November in each of 2009, 2010, 2011 and 2012, the Group has the option to acquire Slater Marketing Group Pty Limited whether or not the performance conditions have been satisfied. These conditions had not been met at the balance sheet date.

The investment has been classified as an available for sale financial asset and measured at cost.

As stated in our principal accounting policies note, investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to (and must be settled by delivery of such) unquoted equity instruments, are measured at cost.

There is no active market for the shares of Slater Marketing Group Pty Limited and given the range of possible outcomes, no reliable method of valuation. The investment and associated derivatives in respect of the share purchase agreement for the acquisition of Slater Marketing Group Pty Limited have been recorded at a cost of £133,000 (2010: £133,000) and £nil (2010: £nil) respectively. In the opinion of the directors no reliable fair value information can be disclosed for these financial instruments.

8. Financial risk management

The Group's financial risk management policies and objectives are explained in the Directors' report on page 15.

Credit risk

Credit risk is managed on a Group basis, arising from credit exposures to outstanding receivables and cash and cash equivalents. Management regularly monitor receivables reports on a Group basis. Since the vast majority of the Group's clients are large blue-chip organisations, the Group has only ever suffered minimal bad debts.

The Group has concentrations of credit risk as follows:

	2011 £000	2010 £000
Cash and cash equivalents		
HSBC Bank PLC	3,568	2,681
UBS	79	83
Deutsche Bank	36	6
	3,683	2,770
Trade receivables		
Related parties – Unilever group of companies (Note 23)	448	485

Financial instruments by category

At the balance sheet date the Group held the following financial instruments by category:

Assets as per balance sheet	2011 £'000	2010 £'000
Loans and receivables		
Trade and other receivables	5,889	4,557
Cash and cash equivalents	3,683	2,770
Available-for-sale		
Available-for-sale financial assets	133	133
	9,705	7,460

Liabilities as per balance sheet	2011 £'000	2010 £'000
Other Financial liabilities carried at amortised cost		
Trade payables	1,340	769
Accruals	2,532	2,780
	3,872	3,549

The table below analyses the Group's financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000
Other Financial liabilities carried at amortised cost	3,872	—	—
Contingent consideration (Note 7)	684	—	—
	4,556	—	—

These cash outflows will be financed from existing cash reserves and operating cash flows.

9. Inventory

	2011 £'000	2010 £'000
Work in progress	50	47

10. Trade and other receivables

	2011 £'000	2010 £'000
Trade receivables	5,843	4,506
Other receivables	46	51
Prepayments and accrued income	198	162
	6,087	4,719

Trade and other receivables are due within one year and are not interest bearing.

The maximum exposure to credit risk at the balance sheet date is the carrying amount of each class of receivable detailed above. The Group does not hold any collateral as security.

The Directors do not believe that there is a significant concentration of credit risk within the trade receivables balance.

As of 31 December 2011, trade receivables of £1,101,000 (2010: £1,006,000) were past due but not impaired.

The ageing analysis of these trade receivables is as follows:

	2011 £'000	2010 £'000
Up to 3 months	959	953
3 to 6 months	142	53
	1,101	1,006

As of 31 December 2011, trade receivables of £Nil (2010: £Nil) were impaired.

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

	2011 £'000	2010 £'000
Sterling	1,941	1,845
Euro	1,777	1,453
US Dollar	1,725	1,058
Swiss Franc	351	146
Canadian Dollar	52	123
Brazilian Real	150	27
Chinese Yuan	76	67
Singapore Dollar	15	—
	6,087	4,719

11. Share capital

The share capital of BrainJuicer Group PLC consists only of fully paid ordinary shares with a par value of 1p each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the Annual General Meeting.

Allotted, called up and fully paid:

	Ordinary shares Number	£'000
At 1 January 2010	12,932,645	129
Exercise of share options	143,709	2
Issue of shares	36,760	—
At 31 December 2010	13,113,114	131
Exercise of share options	23,334	—
At 31 December 2011	13,136,448	131

During the year, 23,334 new ordinary shares were issued to satisfy the exercise of employee share options at a weighted average exercise price of 132 pence per share. The total proceeds were £30,684 of which £233 was recognised as share capital, and £30,451 as share premium. The weighted average share price at exercise date was 279 pence per share.

During the year, the Company transferred 156,419 ordinary shares out of treasury to satisfy the exercise of employee share options over 156,419 ordinary shares at a weighted average exercise price of 119 pence per share for total consideration of £186,000. The weighted average share price at exercise date was 277 pence per share.

The Company subsequently repurchased 153,614 of these shares at a weighted average price of 277 pence per share. The total consideration payable on repurchase (including stamp duty and commission) amounted to £433,000.

Following these transactions, at the end of the reporting period the number of ordinary shares amounted to 13,136,448 (2010: 13,113,114) of which shares held in treasury amounted to 657,195 (2010: 660,000). The treasury shares will be used to help satisfy the requirements of the Group's share incentive schemes.

During the year, 45,064 employee share options over ordinary shares with a weighted average exercise price of 296 pence per share were granted to Directors and employees.

Share options

Employee share option scheme

The Group issues share options to directors and to employees under an HM Revenue and Customs approved Enterprise Management Incentive (EMI) scheme and for awards which do not qualify for EMI, an unapproved scheme.

Generally the grant price for share options is equal to the mid-market opening quoted market price of the Company shares on the date of grant, and in general, they vest evenly over a period of one to three years following grant date. If share options remain unexercised after a period of ten years from the date of grant, the options expire. Share options are forfeited in some circumstances if the employee leaves the Group before the options vest, unless otherwise agreed by the Group.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2011		2010	
	Average exercise price per share Pence	Options No	Average exercise price per share Pence	Options No
Outstanding at 1 January	111.0	1,368,861	99.7	1,089,568
Granted	296.3	45,064	106.4	487,075
Lapsed	120.2	(29,558)	83.7	(11,442)
Exercised	120.7	(179,753)	38.5	(196,340)
Outstanding at 31 December	116.3	1,204,614	111.0	1,368,861
Exercisable at 31 December	112.5	791,073	114.1	699,331

The weighted average share price at date of exercise of options exercised during the year was 279.1 (2010: 167.6) pence. The weighted average fair value of options granted in the year was 112.1 (2010: 89.3) pence.

The fair value of options granted outstanding was determined using the Hull-White valuation model.

Significant inputs into the model include a weighted average share price of 296.3 (2010: 106.4) pence at grant date, the exercise prices shown above, weighted average volatility of 32.7% (2010: 35%), dividend yield of 0.89% (2010: Nil), an expected option life derived from historic exercise multiples and an annual risk-free interest rate of 0.84% (2010: 4.5%).

The expected volatility inputs to the model were calculated using historic daily share prices of the Company's shares.

At 31 December, the Group had the following outstanding options and exercise prices:

	2011			2010		
Expiry date	Average exercise price per share p	Options No	Weighted average remaining contractual life Months	Average exercise price per share p	Options No	Weighted average remaining contractual life Months
2013	11.4	27,648	25.0	11.4	27,648	37.0
2014	38.8	78,277	44.2	43.5	104,843	57.0
2015	62.3	61,115	51.4	62.3	67,738	63.1
2016	62.3	24,254	64.6	62.3	42,155	76.5
2017	162.5	210,746	73.0	162.5	270,959	85.0
2018	147.5	160,414	87.0	147.5	181,490	99.0
2019	94.0	163,359	97.0	94.0	186,953	109.0
2020	103.3	433,737	110.8	106.4	487,075	122.6
2021	296.3	45,064	128.1	—	—	—
At 31 December	116.3	1,204,614	89.6	111.0	1,368,861	99.1

Long term incentive plan

In 2010 the Company established a long term incentive plan for senior executives. All awards vest on 30 April 2014, the Performance Date, if the Achieved Share Price is at least £3, where the Achieved Share Price is the average of the market value of a share for a period of 30 days finishing on the day prior to the relevant Performance Date. The method used to determine the number of ordinary shares that may be acquired through the exercise of options granted under the award is explained in the Remuneration Report on page 16.

During the year the Company granted 772 award units (2010: 8,951). The number of units outstanding at 31 December 2011 numbered 9,723 (2010: 8,951). The weighted average fair value of units granted in the year was £58 (2010: £14) per unit. The instruments were valued using a Monte Carlo simulation method using a weighted average share price at grant date of 286 pence (2010: 183 pence), a share illiquidity discount factor of 10% (2010: 10%), weighted average expected volatility of 21.11% (2010: 28.17%) (derived from the average of annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated back from the date of grant to the date of float) a weighted average risk-free rate of 0.84% (2010: 2.01%) and a weighted average expected dividend yield of 0.89% (2010: 1.36%).

Share-based payment charge

The total charge for the year relating to equity settled employee share-based payment plans (for both the employee stock option plan and the senior executive long term incentive plan) was £236,000 (2010: £308,000).

Non-employee equity settled share based payments amounted to £Nil (2010: £65,000).

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12. Provisions

	Sabbatical provision £'000	Dilapidation provisions £'000	Total £'000
At 1 January 2010	—	53	53
Provided in the year	—	25	25
At 31 December 2010	—	78	78
Provided in the year	138	—	138
Utilised in the year	(16)	—	(16)
Exchange differences	—	3	3
At 31 December 2011	**122**	**81**	**203**
Of which:			
Current	47	—	47
Non-current	75	81	156
	122	**81**	**203**

During the year the Group introduced a sabbatical leave scheme, open to all employees, that provides 20 days paid leave after six years' service. There is no proportional entitlement for shorter periods of service. The provision for the liabilities under the scheme is measured using the projected unit credit method. The calculation of the provision assumes an annual rate of growth in salaries of 6.2%, a discount rate of 5% (based upon good quality 6-year corporate bond yields) and an average staff turnover rate of 14%.

Dilapidation provisions represent the Group's best estimate of costs required to meet its obligations under property lease agreements.

13. Trade and other payables

	2011 £'000	2010 £'000
Trade payables	**1,340**	769
Social security and other taxes	**505**	455
Accruals and deferred income	**2,532**	2,780
	4,377	4,004

Trade and other payables are due within one year and are non-interest bearing. The contractual terms for the payment of trade payables are generally between 30 and 45 days from receipt of invoice.

14. Commitments

The Group leases offices under non-cancellable operating leases for which the future aggregate minimum lease payments are as follows:

	2011 £'000	2010 £'000
No later than 1 year	**300**	189
Later than 1 but no later than 5 years	**218**	390
	518	579

Included within the amounts disclosed above, the Group has the benefit of seven months rent free for the first three years of a lease with an annual rental commitment of £163,000. At the balance sheet date no rent free month was outstanding (2010: one rent free month). The benefit of the rent free months has been spread over the period of the lease to the first break point in 2013.

15. Expenses by nature

	2011 £'000	2010 £'000
Changes in work in progress	**(3)**	35
Employee benefit expense	**8,720**	7,222
Depreciation and amortisation	**464**	154
Net foreign exchange losses	**45**	97
Other expenses	**8,729**	6,636
	17,955	14,144
Analysed as:		
Cost of sales	**4,650**	3,738
Administrative expenses	**13,305**	10,406
	17,955	14,144

16. Profit before taxation

Profit before taxation is stated after charging:

	2011 £'000	2010 £'000
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the parent company and consolidated financial statements	**40**	35
Fees payable to the company's auditor for other services		
Other services supplied pursuant to such legislation	**3**	6
Taxation services	**4**	13
Other services	**—**	1
Operating lease expenses:		
Land and buildings	**363**	262
Depreciation and amortisation	**464**	154
Net loss on foreign currency translation	**45**	97

17. Employee benefit expense

The average number of staff employed by the group during the financial year amounted to:

	2011 No	2010 No
Number of administrative staff	**124**	91

The aggregate employment costs of the above were:

	2011 £'000	2010 £'000
Wages and salaries	**6,946**	5,715
Social security costs	**839**	704
Pension costs – defined contribution plans	**312**	219
Long service leave cost	**122**	—
Share based remuneration	**236**	372
Medical benefits	**265**	212
	8,720	7,222

The directors have identified 6 (2010: 6) key management personnel, including executive directors.

Compensation to key management is set out below:

	2011 £'000	2010 £'000
Wages and salaries	**586**	610
Social security costs	**69**	75
Pension costs – defined contribution plans	**29**	25
Share-based remuneration	**113**	180
	797	890

Details of directors' emoluments are given in the Remuneration Report on page 16.

18. Investment income

	2011 £'000	2010 £'000
Bank interest receivable	**2**	1

19. Income tax expense

	2011 £'000	2010 £'000
Current tax	**963**	789
Deferred tax	**(53)**	(52)
	910	737
Income tax expense for the year differs from the standard rate of taxation as follows:		
Profit on ordinary activities before taxation	**2,760**	2,217
Profit on ordinary activities multiplied by standard rate of tax of 26.5% (2010: 28%)	**731**	621
Difference between tax rates applied to Group's subsidiaries	**108**	24
Expenses not deductible for tax purposes	**91**	127
Other temporary differences	**(28)**	(47)
Adjustment to current tax in respect of prior years	**16**	19
Credit on exercise of share options taken to income statement	**(8)**	(7)
Total tax	**910**	737

20. Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2011 £'000	2010 £'000
Deferred tax assets:		
– Deferred tax assets to be recovered after more than 12 months	**337**	159
– Deferred tax assets to be recovered within 12 months	**51**	6
	388	165
Deferred tax liabilities:		
– Deferred tax liability to be recovered within 12 months	**(100)**	(68)
Deferred tax asset (net):	**288**	97

The gross movement in deferred tax is as follows:

	2011 £'000	2010 £'000
At 1 January	**97**	41
Income statement credit	**53**	52
Tax credited directly to equity	**138**	4
At 31 December	**288**	97

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Other provisions £'000	Overseas tax losses £'000	Share option scheme £'000	Dilapidation provisions £'000	Total £'000
At 1 January 2011	6	—	145	14	165
Charged to income statement	(1)	46	42	(2)	85
Credited directly to equity	—	—	138	—	138
At 31 December 2011	**5**	**46**	**325**	**12**	**388**

Deferred tax liabilities	Accelerated capital allowances £'000	Total £'000
At 1 January 2011	(68)	(68)
Charged to income statement	(32)	(32)
At 31 December 2011	**(100)**	**(100)**

There are no unrecognised deferred tax assets. Deferred tax assets are recognised only to the extent that their recoverability is considered probable. The deferred tax asset in respect of the company's share option scheme relates to corporate tax deductions available on exercise of UK employee share options.

21. Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2011 £'000	2010 £'000
Profit attributable to equity holders of the Company	**1,850**	1,480
Weighted average number of ordinary shares in issue	**12,461,136**	12,604,214
Basic earnings per share	**14.8p**	11.7p

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding assuming conversion of all dilutive share options to ordinary shares.

	2011 £'000	2010 £'000
Profit attributable to equity holders of the Company and profit used to determine diluted earnings per share	**1,850**	1,480
Weighted average number of ordinary shares in issue	**12,461,136**	12,604,214
Share options	**677,423**	496,991
Weighted average number of ordinary shares for diluted earnings per share	**13,138,559**	13,101,205
Diluted earnings per share	**14.1p**	11.3p

22. Dividends per share

	2011 £'000	2010 £'000
Dividends paid on Ordinary Shares		
Interim, 0.75p per share (2010: 0.6p per share)	**94**	78
	94	78
Final dividend relating to 2010, 1.8p per share (2010: 1.3p per share) relating to 2009	**224**	169
Total ordinary dividends paid in the year	**318**	247

The directors will be proposing a final dividend in respect of the year ended 31 December 2011 of 2.25p per share, at the AGM. These financial statements do not reflect this final dividend.

23. Related party transactions

During the year, the Group made sales to companies connected to Unilever UK Holdings Limited, a substantial shareholder of the Company for part of the reporting period, totalling £1,944,472 (2010: £1,735,721). The balance outstanding at the year-end was £447,500 (2010: £485,035).

The wife of Mark Muth, a director of the Company, provided services for the Group totalling £225 (2010: £9,550). There was no balance outstanding at the year-end (2010: £Nil).

Services are sold to related parties on an arm's length basis at prices available to third parties.

Dividends paid to directors were as follows:

	2011 £	2010 £
John Kearon	**112,009**	105,168
James Geddes	**4,420**	7,093
Alex Batchelor	**2,597**	1,935
Ken Ford	**510**	380
Simon Godfrey	**2,000**	1,602
	121,536	116,178

24. Cash generated from operations

	2011 £'000	2010 £'000
Profit before taxation	**2,760**	2,217
Depreciation	**191**	127
Amortisation	**273**	27
Interest received	**(2)**	(1)
Share-based payment expense	**236**	374
Increase in inventory	**(3)**	(35)
Increase in receivables	**(1,368)**	(567)
Increase in payables	**517**	1,374
Exchange differences	**(39)**	20
Net cash generated from operations	**2,565**	3,536

25. Seasonality of revenues

Based upon prior experience, Group revenues tend to be higher in the second-half of the financial year than in the first six months.

For the year ended 31 December 2011, revenues for the second half of the year represented 56% of total revenues compared to 56% for the year ended 31 December 2010.

Financial Statements
continued »

INDIVIDUAL COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Individual Company Balance Sheet

As at 31 December 2011		2011 £'000	2010 £'000
Fixed assets			
Tangible assets	3	**1,575**	1,787
Investments	4	**702**	669
		2,277	2,456
Current assets			
Debtors	5	**2,046**	176
Cash at bank		**1,288**	1,057
		3,334	1,233
Creditors – amounts falling due within one year	6	**(1,028)**	(838)
Net current assets		**2,306**	395
Total assets less current liabilities		**4,583**	2,851
Capital and reserves			
Share capital	7	**131**	131
Share premium account	8	**1,579**	1,549
Retained earnings	8	**2,873**	1,171
Equity shareholders' funds		**4,583**	2,851

Registered Company No. 5940040
These financial statements were approved by the directors on 22 March 2012 and are signed on their behalf by:

John Kearon
Director

James Geddes
Director

Notes to the Individual Company Financial Statements

For the year ended 31 December 2011

1. Accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and law. The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write-off the cost of all property, plant and equipment to its residual value on a straight-line basis over its useful economic life. Depreciation rates are as follows:

Computer hardware	2 to 3 years
Furniture, fittings and equipment	5 years
Software	2 to 7 years

Assets in the course of construction and not yet ready for use are not depreciated until completed and ready for use.

Debtors

Debtors are stated at nominal value reduced by estimated irrecoverable amounts.

Related party transactions

In accordance with Financial Reporting Standard Number 8: Related Party Disclosures, the company is exempt from disclosing transactions with wholly owned entities that are part of the BrainJuicer Group as it is a parent company publishing consolidated financial statements.

Share-based payments

Equity-settled, share-based payments are measured at fair value at the date of grant. Equity-settled, share-based payments that are made available to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest.

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2. Profit for the year

The Company has made full use of the exemptions as permitted by Section 408 of the Companies Act 2006 and accordingly the profit and loss account of the Company is not presented as part of the accounts. The parent company profit for the year to 31 December 2011 of £2,033,000 (2010: £1,121,000) is included in the Group profit for the financial year. Details of executive and non-executive directors' emoluments and their interest in shares and options of the company are shown within the directors' remuneration report on page 16.

3. Tangible assets

	Computer hardware £'000	Furniture and equipment £'000	Software £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 1 January 2011	74	145	—	1,604	1,823
Additions	135	4	—	—	139
Transfers	—	—	1,604	(1,604)	—
At 31 December 2011	**209**	**149**	**1,604**	**—**	**1,962**
Accumulated depreciation					
At 1 January 2011	14	22	—	—	36
Provided in the year	72	50	229	—	351
At 31 December 2011	**86**	**72**	**229**	**—**	**387**
Net book amount					
At 31 December 2011	**123**	**77**	**1,375**	**—**	**1,575**
At 31 December 2010	60	123	—	1,604	1,787

4. Investments

	Other investments £'000	Group companies £'000	Total £'000
Cost			
At 1 January 2011	133	536	669
Share-based payment charge in respect of subsidiaries	—	33	33
At 31 December 2011	**133**	**569**	**702**
Net book amount			
At 31 December 2011	**133**	**569**	**702**
At 31 December 2010	133	536	669

Subsidiary undertakings

Details of subsidiary undertakings at 31 December 2011 are as follows:

	Activity	Interest in issued share capital	Country of incorporation
BrainJuicer Limited*	Provision of online market research services	100%	UK
BrainJuicer BV	Provision of online market research services	100%	Netherlands
BrainJuicer Inc	Provision of online market research services	100%	USA
BrainJuicer Canada Inc.	Provision of online market research services	100%	Canada
BrainJuicer Sarl	Provision of online market research services	100%	Switzerland
BrainJuicer GmbH	Provision of online market research services	100%	Germany
BrainJuicer Marketing Consulting (Shanghai) Co., Ltd	Provision of online market research services	100%	China
BrainJuicer Do Brazil Servicos de Marketing LTDA	Provision of online market research services	100%	Brazil

**BrainJuicer Limited is a direct subsidiary of BrainJuicer Group PLC. The remaining subsidiaries are each direct subsidiaries of BrainJuicer Limited.*

5. Debtors

	2011 £'000	2010 £'000
Amounts due from group undertakings	**1,865**	56
Prepayments	**144**	104
Deferred tax asset	**37**	—
Corporation tax recoverable	**—**	16
	2,046	176

6. Creditors – Amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	**259**	182
Corporation tax	**116**	—
Accruals and deferred income	**653**	656
	1,028	838

7. Share capital

Allotted, called up and fully paid:

	Ordinary shares Number	Ordinary shares £'000
At 1 January 2011	**13,113,114**	**131**
Issue of shares	**23,334**	**—**
At 31 December 2011	**13,136,448**	**131**
At 1 January 2010	12,932,645	129
Exercise of share options	143,709	2
Issue of shares	36,760	—
At 31 December 2010	13,113,114	131

8. Reserves

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2011	131	1,549	1,171	2,851
Share-based payments	—	—	234	234
Profit for the financial year	—	—	2,033	2,033
Dividend paid	—	—	(318)	(318)
Share options exercised	—	30	—	30
Sale of treasury shares	—	—	186	186
Purchase of own shares	—	—	(433)	(433)
At 31 December 2011	**131**	**1,579**	**2,873**	**4,583**

Spend a Day at a Fest, Networking, Sharing Best Practices and Getting **Inspired!**

brainjuicer®

We have a fantastic programme today bringing the outside world into Unilever... Stay engaged!

FEST Host:
Alan Jope, Chairman, Greater China Group, Unilever (Shanghai)

This was one of the most memorable events I have been to in a while!

FEST Attendee:
Thorben Neu, Belkin (Los Angeles)

Thank you kindly for inviting me to such a fantastic event! I truly enjoyed all the speakers and was inspired with new ways to think about my brands. I look forward to your next event!

FEST Attendee:
Yasmin Firoozabady, The Clorox Company (Chicago)

I took away so many great insights. So, keep reinventing yourself, evolve, and don't be complacent; those are the things that I took away from today's sessions.

FEST Attendee:
Grace Lombardo, Royal Bank of Scotland (London)

I thought the workshop was fantastic – I think that they gave us some actionable steps to take into our business.

FEST Attendee:
Janu Lakshmanan, Unilever (New York)

Finding other people that have the same challenges that I have, all together in the same room for one day is something that's very interesting!

FEST Attendee:
Monica Mateu, Gallina Blanca Star (Netherlands)

I agreed to co-sponsor [the FEST] because I think it really advances the 'outward-in' thinking or agenda that Philips is pushing so hard to get. The idea of getting a lot of creative thinkers – a lot of high intellect and hopefully high energy people – sharing best practices around innovation seemed like a really good thing to do.

FEST Host:
Hellen Omwando, Philips Electronics (Amsterdam)

I just wanted to thank you all again for making yesterday's SpringFest conference happen. I really benefited from taking a step out of the day-to-day toward exploring new ways to connect with consumers. Much appreciated!

FEST Attendee:
Chris Jogis, Mastercard (New York)

I can't tell you the last time I got so much value from a forum such as this. The speakers, the topics, the venue, the group size, the format (speakers then work sessions using our own businesses for discussion) all worked to tremendous advantage, and provided great inspiration.

FEST Attendee:
Bob Wosewick, SC Johnson (Chicago)

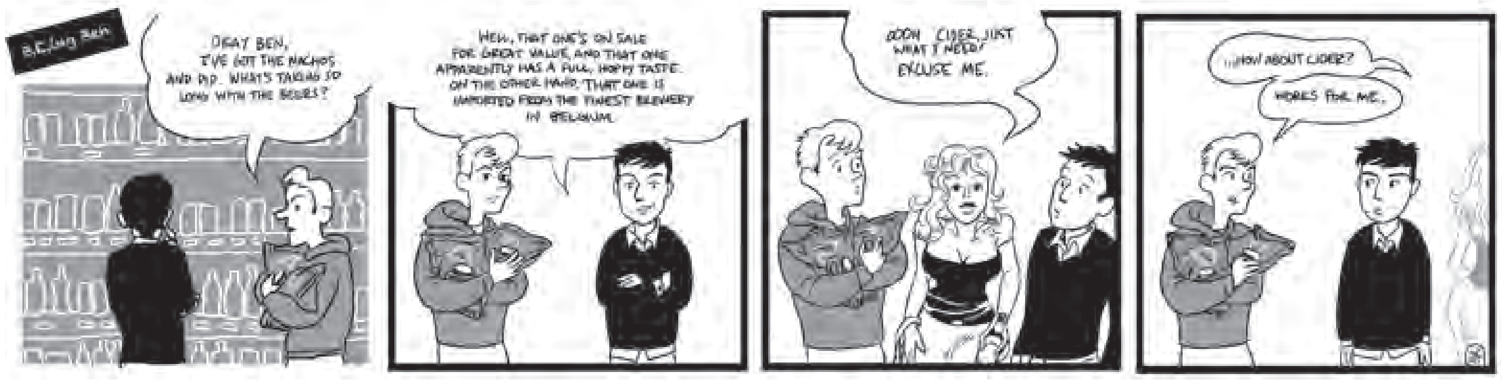
Fests are one-day events hosted by BrainJuicer and our clients and agency friends all over the world. We bring together practitioners in marketing, branding, advertising, innovation, new product development and market research to hear great speakers and learn from each other about the latest thinking in creativity, innovation, marketing theory and consumer behaviour.

BrainJuicer has inspired thousands of attendees at countless fests in as many countries.

Contact us to find out about hosting or attending an upcoming Fest in your region **fest@brainjuicer.com**

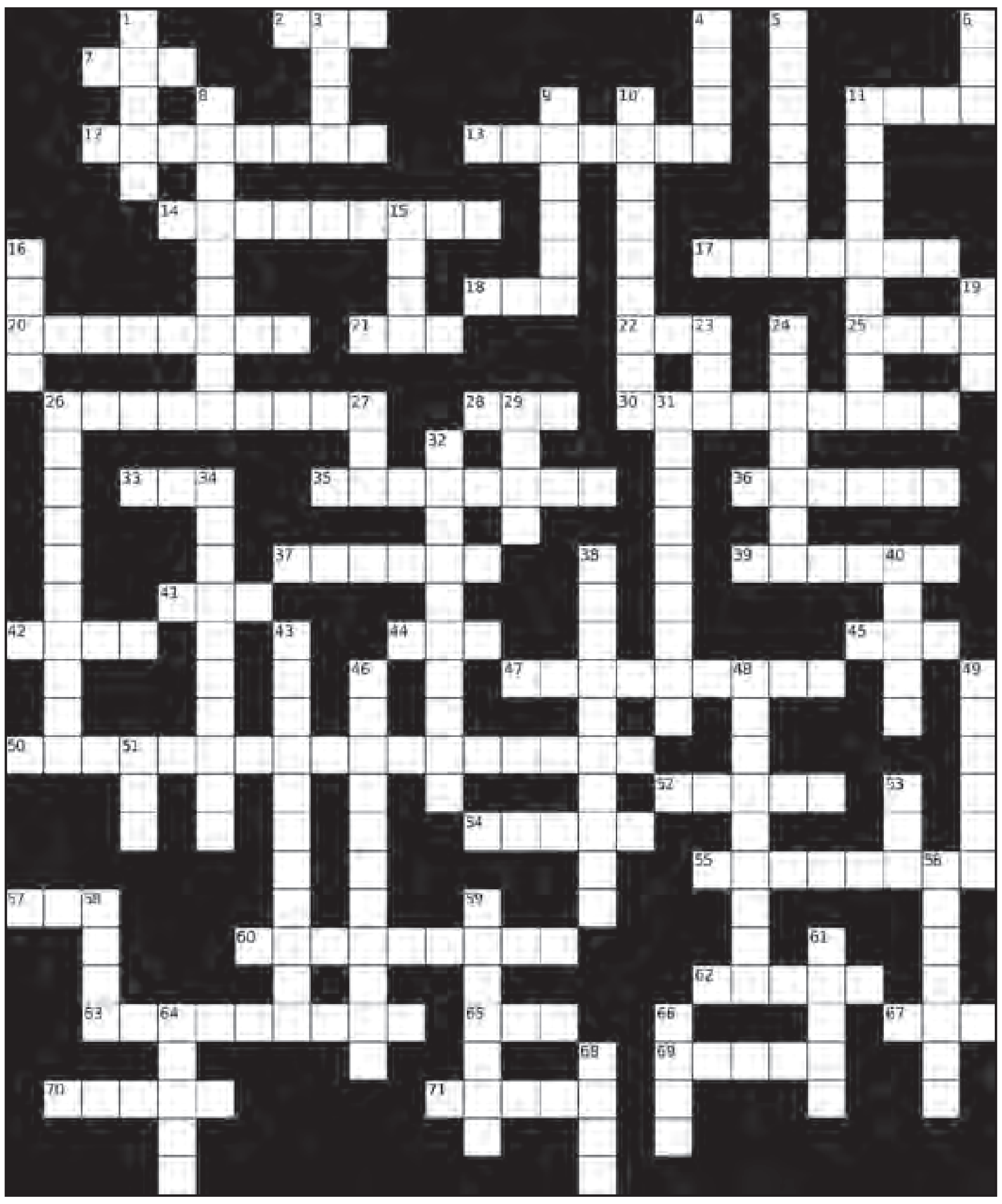
Check out Fest films on Vimeo:
http://tinyurl.com/6uc4r5m

Games, Comics and Other Cool Juice



All decisions are emotional. The cartoon is by Anna af Hallstrom, who is, by day, a fearless Senior Research Associate in the BrainJuicer London office, by night, an intrepid graphic novelist.

BrainJuicer Crossword No. 25,511



ACROSS

2 Ms. Fish who won ESOMAR's 2010 Young Researcher Award
7 BrainJuicer North America President
11 Humans do this well
12 Father of behavioural economics
13 Desired employee state outlined in Drive
14 BrainJuicer's newsletter
17 TV show inspired by Paul Ekman
18 Obliquity author
20 Sometimes positive, sometimes not
21 Alex Batchelor's role
22 Frozen water
25 Visual representation
26 You may have Herd of him
28 The Chief Juicer
30 A characteristic of System 1
33 Not 'no'
35 Best Presenter at ESOMAR 3D 2011
36 The path to innovation
37 Global organisation that awarded BrainJuicer Best Methodology twice
39 Who asks questions in BrainJuicer surveys?
41 A long time
42 A characteristic of System 1
44 Systematic Inventive Thinking (abr.)
45 Lapsang Souchong, the Chief's favourite
47 Organisation that named BrainJuicer Most Innovative
50 Best method for testing concepts
52 An indivisible number and a behavioural heuristic
54 What social media encourages us to do
55 Desired employee state outlined in Drive
57 Fuel
60 How BrainJuicer measures emotion
62 BrainJuicer podcast interviews on iTunes
63 Humans are woefully unreliable … to their own behaviour
65 Org. that awarded Orlando Wood a '4 Under 40' Emerging Leader Award
67 Behavioural Economics Edge (abr.)
69 Maker of the iPad
70 Graphic novel
71 JuiceCasts

DOWN

1 Bowtie wearing astronaut and BrainJuicer.com guide
3 Something sung, like the Cornetto theme
4 Number of years since our AiM listing
5 What ethnographers do
6 What companies want customers to do
8 A characteristic of System 1
9 The emotional face of BrainJuicer
10 A characteristic of System 2
11 BrainJuicer's emotion-based ad testing measure
15 Therefore
16 Screen
19 Dynamite
23 Often coupled with id
24 What you need in the 'Paradox of Success'
26 BrainJuicer's quali-quant tool
27 Ocean
29 Not hard
31 Magazine that awarded BrainJuicer Best Research Agency in 2010 and 2011
32 Dan Ariely says people are predictably…
34 Author of The Wisdom of Crowds
38 The Chief Juicer's 2011 appearance with notable 'exposure'
40 What clients need to generate and screen
43 'Research Robots'
46 2011's revenue growth %
48 The art of achieving goals indirectly
49 Questionnaire
51 Mr. Pink of Drive
53 Not 'con'
56 Desired employee state outlined in Drive
58 A characteristic of System 2
59 He told us how emotions work
61 Number of iconic emotional states identified by Ekman
64 People think less than they think they…
66 Where the white coats work and where at BrainJuicer we create innovations
68 Category target

For the solution to the crossword, visit our website at:

www.brainjuicer.com/#/BRAINJUICE/1239

Games put you in a 'hot state'. We hope that after reading this Annual Report and attempting our crossword puzzle you agree with us that market research is indeed sexy and cool.

REVIEW

Smart Reads

These may not be bestsellers, but we think they should be.

1 **I'LL HAVE WHAT SHE'S HAVING**
by Alex Bentley, Mark Earls and Michael J. O'Brien
A lucid mapping of social behaviour that illustrates the collective "we" to be the most critical influence on consumer decision-making.

2 **DRIVE**
by Daniel H. Pink
A study-backed expose that debunks the traditional carrot-and-stick motivation structure in favour of three intrinsic motivators: autonomy, mastery and purpose.

3 **DRINKING FROM THE FIREHOSE**
by Christopher J. Frank and Paul F. Magnone
A seven-question approach for decision-makers to cut through the glut of data, convert information into insight and move business in the right direction.

4 **LITTLE BETS**
by Peter Sims
An interview-rich account of how breakthrough results arise from taking little bets in a good direction and learning from lots of little failures.

5 **LOOSE**
by Martin Thomas
A shake-down of prevailing business wisdom with an argument that the future of business is loose – loose management, thinking and communications.

6 **OBLIQUITY**
by John Kay
A reflective take on goal achievement that demonstrates the folly of a control-centric approach and why goals are best achieved indirectly.

7 **THE ART OF CHOOSING**
by Sheena Iyengar
A catchy commentary on the decision process and the myriad influences that dictate consumer purchasing choices.

8 **THE CHIEF CULTURE OFFICER**
by Grant McCracken
A compelling case that every company needs a Chief Cultural Officer to anticipate cultural trends rather than passively waiting and reacting.

9 **EMOTIONS REVEALED**
by Paul Ekman
An indispensable resource for navigating our emotional world through the understanding of facial expressions.

10 **WISDOM OF CROWDS**
by James Surowiecki
An against-the-grain argument that large groups of people are smarter than an elite few, with the power to foster innovation and even predict the future.

Tom Fishburne, the Marketoonist, is a frequent speaker at BrainJuicer Fests. To view more from the Marketoonist visit www.tomfishburne.com

We are Changing the Face of Market Research!

In 2011, BrainJuicer launched its Juicy new website, yet another indication of our commitment to innovation and differentiation within the traditional world of market research.

Come visit us at www.brainjuicer.com

BrainJuicer Word Search No. 13,208

I	N	N	O	V	A	T	I	O	N	P	A	N	A	A
M	O	O	R	D	R	A	O	B	P	W	O	W	I	U
I	G	A	M	I	F	I	C	A	T	I	O	N	D	T
E	Q	A	I	N	S	I	G	H	T	S	C	H	E	O
N	X	M	D	Y	O	E	K	C	B	O	T	D	M	M
E	L	P	I	T	L	I	A	I	M	Z	C	I	L	A
G	V	D	E	I	E	R	T	M	L	O	R	G	A	T
E	S	I	B	R	T	S	U	O	M	Z	E	I	I	I
C	W	O	T	S	I	N	T	M	M	G	S	V	C	O
I	M	L	I	I	I	E	O	I	U	E	E	I	O	N
U	X	T	E	T	U	T	N	X	N	P	A	D	S	W
J	A	F	I	E	I	T	A	T	K	G	R	U	P	G
S	J	E	R	O	Y	B	N	Q	I	F	C	A	R	H
E	S	D	N	M	R	O	C	I	J	A	H	L	T	C
Y	H	P	A	R	G	O	N	H	T	E	L	S	P	W

ADTESTING
AUTOMATION
BOARDROOM
COMMOTION
COMMUNITIES
DIGIVIDUALS
EMOTION
ETHNOGRAPHY
EXPERIENTIAL
GAMIFICATION
INNOVATION
INSIGHTS
INTUITIVE
JUICEGEN
MOBILE
MROC
RESEARCH
SATISTRACTION
SOCIALMEDIA