

# Pro-AV Business Index

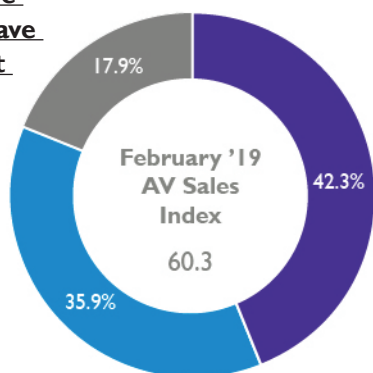
Released March 2019

## Steady Sales and Strong AV Employment Growth Despite Political Risks

AVIXA™, the Audiovisual and Integrated Experience Association, has published the monthly Pro-AV Business Index since September 2016, gauging sales and employment indicators for the pro-AV industry. The index is calculated from a monthly survey that tracks trends. Two diffusion indexes are created using the data, the AV Sales Index (AVI-S) and AV Employment Index (AVI-E). The diffusion indexes are calculated based on the positive response frequency from those who indicated their business had 5 percent or more increase in billings/sales from the prior month plus half of the neutral response. An index of 50 indicates firms saw no increase or decline in the business activity; an index of more than 50 indicates an increase, while an index less than 50 indicates a decline.

Compared with the previous month, have the billings/sales at your location...

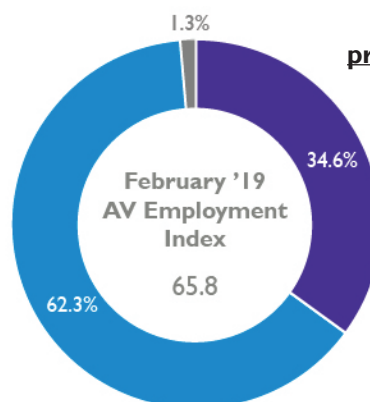
N-78



■ Sales increased significantly (5% or more)  
■ Sales remained unchanged  
■ Sales decreased significantly (5% or more)

Compared with the previous month, is the overall employment at your location...

N-78



■ Employment increased significantly (5% or more)  
■ Employment remained unchanged  
■ Employment decreased significantly (5% or more)

## Highlights:

- The AV Sales Index (AVI-S) held steady in February, finishing at 60.3. The overall consistency hides diverging regional trends in sales. While both North American and international numbers remain above 50—indicating continued growth—North American billings ticked up for the second consecutive month while International billings edged down for the fourth month in a row. Where in late 2018, the international segment exceeded North

America by five points, now it is six points below. Respondents report political instability and the uncertainty it creates as the primary threats to AV business. Brexit is currently scheduled to occur on March 29th at 11:00 p.m. UK time. A “no-deal” Brexit would have a dramatic impact on the United Kingdom, a tangible effect on Western Europe, and global reverberations. Decision-makers worldwide will want to closely monitor developments on this subject.

- Manufacturers' shipments of audio and video equipment grew 4.2 percent from 2017 to 2018 according to a recent report by the U.S. Census Bureau. This growth was driven in large part by exceptional month-to-month growth during the fourth quarter.
- U.S. GDP grew 2.6 percent in the fourth quarter of 2018, exceeding economists' prediction of 2.2 percent. With this solid fourth quarter, the full year's growth measured 3.1 percent. This was driven in part by a sugar high from the onset of lower tax rates, so it is prudent to expect lower growth in 2019.
- After two months of exceptional returns easily exceeding expectations, the U.S. economy delivered disappointment this month: 20,000 new jobs, far below predictions of 180,000. On the other hand, total wage growth in 2018 measured 3.4 percent, well above the inflation rate of 1.6 percent. The salary increases suggests the tepid February number is a blip rather than a trend, perhaps due to seasonal factors such as cold weather. AVIXA's AV Employment Index fully supports the conclusion that the labor market remains strong. This month the index reached 65.8 points, the highest mark since September 2017. Survey takers spoke of expanded staff and new locations in response to robust demand.

*"We have seen an uptick in [our] business and have been hiring some additional staff in our four core markets and have just opened a new office in Dallas as well, with two employees to start."*

– AV Provider, North America

*"Uncertainty over Brexit is affecting EMEA (Europe, Middle East, and Africa – ed.). Uncertainty on China credit situation delays projects."*

– Manufacturer, Europe

*"January [and] February are typically quiet months for live events in our region. We are pleased to be slightly busier than average. We've added staff in an effort to create base-level training and be prepared for the seasonal uptick that should start ... right ... about... now!"*

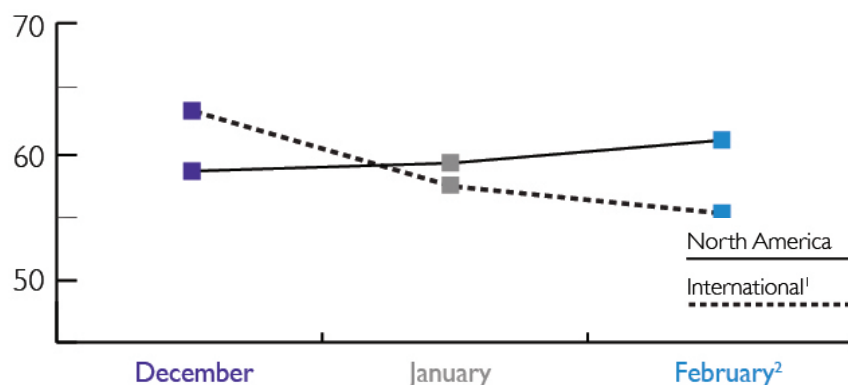
– Live Events, North America

*"Need for more 'activation' and interactive event elements are driving revenue as tech for this is more costly."*

– Live Events, North America

## International Outlook

The February regional preliminary<sup>2</sup> AV Sales Index shows continued growth around the world. The International AVI-S ticked down 2.5 points while the North American index was 2.2. The North American index now exceeds the International mark.



<sup>1</sup> Global regions include Europe, Latin America, Middle East/Africa, Asia-Pacific

<sup>2</sup> Due to the small sample, the North American and International indexes are based on a 3-month moving average. February 2019 index is preliminary, based on the average of January 2019 and February 2019 and will be final with March 2019 data in the next report.

Global regional indexes are three-month moving averages (based on prior, forward and current months) due to relative small sample size.

## Methodology

The survey behind the AVIXA Pro-AV Business Index was fielded to 372 members of the AVIXA AV Intelligence Panel (AVIP), February 28 to March 8, 2019. A total of 117 AVIP members completed the survey. Only respondents who are service providers and said they were “moderately” to “extremely” familiar with their company’s business conditions were factored in index calculations. The AV Sales and AV Employment Indexes are computed as diffusion indexes, with the monthly score calculated as the percentage of firms reporting a significant increase plus half the percentage of firms reporting no change. Comparisons are always made to the previous month. Diffusion indexes, typically centered at a score of 50, are used frequently to measure change in economic activity. If an equal share of firms reports an increase as reports a decrease, the score for that month will be 50. A score higher than 50 indicates that firms in aggregate are reporting an increase in activity that month compared to the previous month, while a score lower than 50 indicates a decrease in activity. Any score higher than 50 indicates an increase in billings/sales.

## About the AVIXA AV Intelligence Panel

The AVIXA AV Intelligence Panel (AVIP) is a research community of industry volunteers willing to share their insights on a regular basis to create actionable information. Members of the panel are asked to participate in a short, two-to-three-minute monthly survey designed to gauge business sentiment and trends in the AV industry. Surveys may be taken via your phone or computer.

In return for their time and effort, AVIXA AV Intelligence Panel members will be eligible to:

- Earn points toward Amazon online gift cards
- Include select questions of their own in panel surveys

The AVIXA AV Intelligence Panel is designed to be a global community, representative of the entire commercial AV value chain. AVIXA invites AV integrators, consultants, manufacturers, distributors, resellers, live events professionals, and AV technology managers to get involved. If you would like to join the panel, enjoy benefits, and share your insights with the AV industry, please apply at [avixa.org/insight/marketintel/AVIP](https://avixa.org/insight/marketintel/AVIP).