

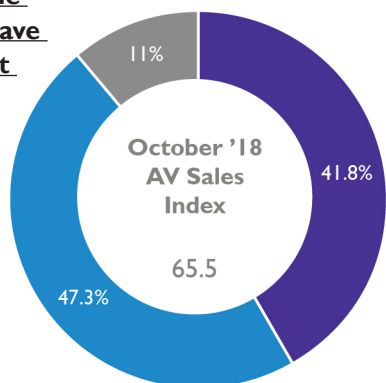
# Pro-AV Business Index

Released November 2018

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 tracking trends. Two diffusion indexes are created using this data, the AV Sales Index (AVI-S) and AV Employment Index (AVI-E). The diffusion index is calculated based on the positive response frequency from those who indicated their business had 5 percent or more increases 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 over 50 indicates an increase, while an index under 50 indicates a decline.

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

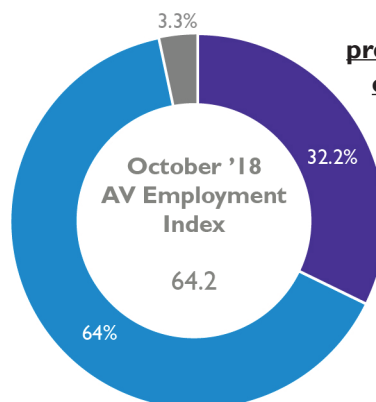
N-91



■ 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-90



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

## Highlights:

- The AV Sales Index (AVI-S) remained strong in October, clocking in at 65.5. This number is a shade lower than September's reading, but more markedly up from October 2017. Optimism and sales clearly remain strong. Respondents noted political and tariff-related headwinds, but more often described plentiful clients with a willingness to spend on AV.
- Equity markets took a tumble in October, as the S&P 500 fell 7 percent. While this is not good news, a broader perspective shows reason for calm. The S&P 500 is up 1.4 percent year-to-date and up 5.4 percent over last year. While they will bear closer attention in the coming weeks, equity markets are not yet cause for concern.

- U.S. GDP grew 3.5 percent in the third quarter according to preliminary government numbers released on October 26. This strong reading slightly exceeded expectations, which hovered around 3.4 percent. Growth is expected to be lower but still healthy in the fourth quarter, somewhere close to 3 percent.
- Two income growth indicators hit high nominal marks since last month. The employment cost index hit 2.9 percent and the average hourly wage change hit 3.1 percent year-to-year change, both high marks in about a decade. Initial optimism is tempered by the fact that rising inflation — currently around 2.3 percent on the year — negates much of the numeric increase. Inflation-adjusted wage growth was considerably higher in 2015.
- October job numbers showed a rebound from September's somewhat mixed numbers as the economy added 250,000 jobs, outpacing expectations of 190,000 new jobs. Unemployment stayed flat at 3.7 percent. AVIXA's AV Employment Index (AVI-E) also recorded strong growth conditions, clocking in at 64.2. This reading is a touch lower than last month and a touch higher than October 2017.

*"Political factors, interest rate instability, currency fluctuations and rising costs — particularly fuel — are causing investment procrastination."*

— AV Service Provider, Europe

*"Our corporate clients are becoming more sophisticated in their AV requests, due, I think, to everyone using devices for everything. Plus, these same people demand instant answers and responses, which can only happen using visual communications systems."*

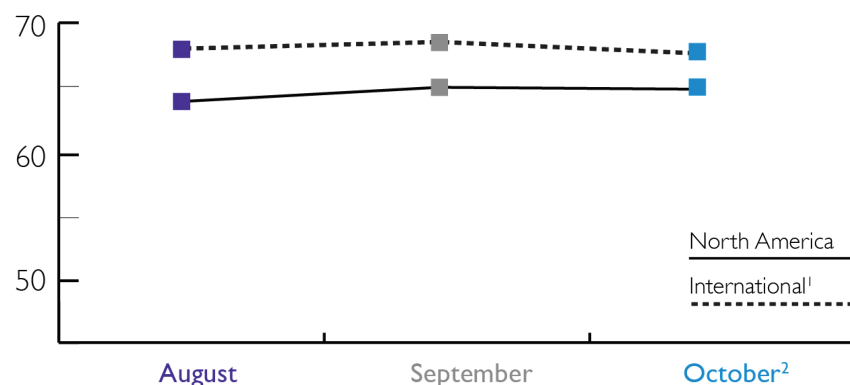
— AV Consultant, North America

*"Customers are spending money. We are gaining market share and getting new customers every month."*

— AV Integrator, North America

## International Outlook

The October regional preliminary<sup>2</sup> Pro-AV Sales Index indicates that growth continues irrespective of region. The international group continues to exceed North American numbers, but only by a small margin.



<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. October 2018 index is preliminary, based on the average of September 2018 and October 2018 and will be final with November 2018 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 675 members of the AVIXA AV Intelligence Panel (AVIP), October 25 – November 1, 2018. A total of 149 AVIP members completed the survey. Only respondents who are service providers and said they were “moderately” to “extremely” familiar with their companies’ business conditions were factored in Index calculations. The AV Sales and AV Employment Indexes are computed as a diffusion index, 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 above 50 indicates that firms in aggregate are reporting an increase in activity that month compared to the previous month, while a score below 50 indicates a decrease in activity. Any score above 50 indicates an increase in sales/billings.

## 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).