

Pro-AV Business Index

Released April 2017

Pro-AV Business Bounds Ahead for Spring

Spring has sprung in the March InfoComm International® Pro-AV Sales Index, with a double-digit jump to a reading of 71.4. The index reached its highest point since its inception in September 2016, with more than half (53.5 percent) of the respondents reporting their billings/sales increased from February, and roughly one-third (35.7 percent) indicating sales remained the same.

The diffusion index is calculated based on the positive response frequency (53.5) from those who indicated their business had significant increases in billings/sales (5 percent or more) from the prior month plus half of the neutral response (35.7), giving the value of 71.4 for this month's index (Figure 1).

The overall economy has been robust and the industry is showing strength, according to panelist commentaries and the business index. All signs indicate resilient market conditions going forward. One vertical sector contributing to this growth is the education market. End of school year preparations are bringing in work, as schools strive to stay up to date with the latest technology. While there was fear President Trump's administration may have an adverse effect on the industry and the economy in general, panelists from the U.S. and worldwide have not seen any negative impact to their business, at least not in the near term.

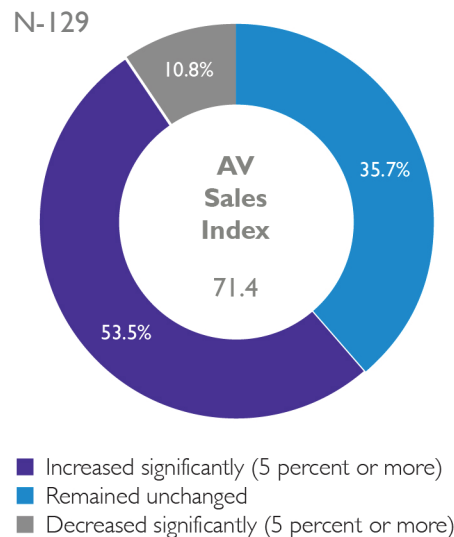
"We continue to see increasing opportunity. Many clients are still upgrading analog systems to digital. AVIT, millennials and new college students are major differentiators for our business, so we are helping universities step up their offerings. Our market is realizing the power of adding AV to increase communications and create impact."

– Systems Integrator, North America

"The political factors are not affecting the economy as it was predicted. The price of the oil is recovering and investments keep flowing to Mexico."

– Distributor, Latin America

Figure 1. AV Sales Index, March 2017

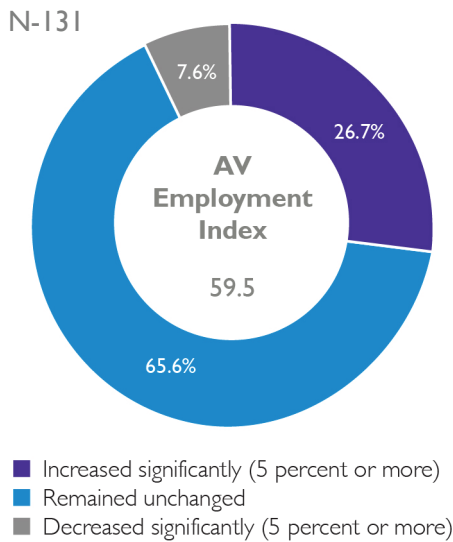


The AV Employment Index also rose this month, to 59.5, a two-point increase from February. The latest index reflects positive outlook and growth in the AV market, with just over a quarter of respondents (26.7 percent) indicating growth, while 7.6 percent indicated a decrease in employment (Figure 2). With growth comes the challenge of assuring resources keep up with the volume of work, and several respondents stated this is an issue they currently face.

"Many opportunities abound. We are currently faced with deciding to staff up for continued growth, or turn down new opportunities."

– Service Provider, North America

Figure 2. AV Employment Index, March 2017



International Outlook

The AV Sales Indexes for companies inside North America and outside North America continue to rise from previous months, putting the indexes at 65.8 for North America and 63.0 for International (Figure 3). While the European panelists responded positively to business market conditions this month, there are still concerns while waiting for the Brexit negotiations to finalize. The Asia-Pacific and Latin America markets are optimistic, with construction rebounding, oil prices stabilizing and changing political policies for the better. One respondent mentioned “an apparent turnaround in the real estate construction market” as a reason he or she saw growth as a service provider in Hong Kong.

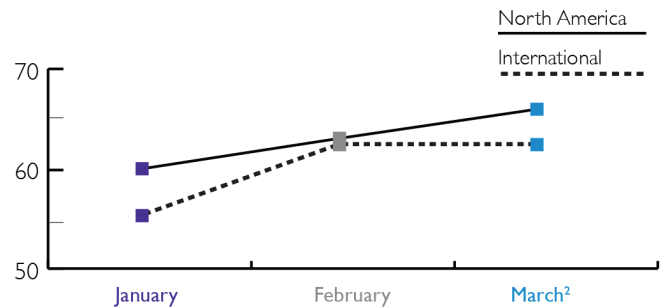
“Right now exchange rate are very stable and all the noise that Trump’s administration made is calming down, in that they are not so aggressive from his original proposals. His policy, on the other hand, has many companies here increase security enhancements and it is helping our business.”

– Integrator, Latin America

“Exchange rates ... make incoming work expensive for clients, but with opportunities as well. Not much impact from Trump’s migration order anymore as it has started to settle. Clients are very cost conscious, but unaware of local issues unique to the country, such [as the] economy, labor laws, and work conditions. One must be aware that the way[s] of doing business within the countries in Asia are not identical.”

– AV Service Provider, Asia-Pacific

Figure 3. Global Region Sales Index¹, February 2017



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

Future AV Business Conditions

Positive outlook continues in the near term with half (52.3 percent) seeing their workforce conditions as positive and 63.6 percent taking an optimistic position on their revenue/turnover.

“The new administration has us all wondering how our industry and the economy will be impacted. So far it has been more positive than anticipated. Revenue the next quarter will be the highest we have seen since we have been in business and we have been in this industry a long time.”

– Live Events, North America

¹ International – regions include Europe, Latin America, Middle East/Africa, Asia-Pacific

² March 2017 index is preliminary, based on the average of January 2017 and February 2017 and will be final with March 2017 data in the next report

Figure 4. Industry Conditions for Next Six Months

How would you assess the AV workforce conditions for your organization in the next 6 months?



How would you assess your revenue/turnover conditions for your organization in the next 6 months?



The Need for Environmental Scans

Data resources from outside the industry can be used for many different purposes by the pro-AV community. The top three environmental data sources cited by AV professionals (not to be confused with data about the environment) are financial, political and construction. Approximately one-in-five (18.3 percent) do not use any information from sources outside the industry (Figure 5). [Read InfoComm's 2016 Environmental Scan, now free to members.](#)

“Vertical market figures help us understand which segment most to concentrate energies on to grow our AV business. For example, if the hospitality segment is increasing investments, it in turn means more consumption/requirement for AV equipment for us in the next quarter.”

– Manufacturer, Asia-Pacific

Figure 5. Data Used by Pro-AV Companies

Financial (e.g., stock market, economics, foreign exchange, import/export)



Politics (state, local, global)



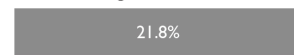
Construction data (e.g., U.S. Construction Spending, Architecture Billings Index)



Environmental/sustainability trends



Manufacturing



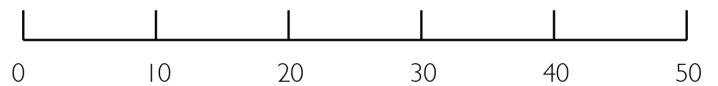
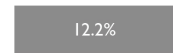
I don't use any information from outside sources



Employment data (e.g., Bureau of Labor Statistics)



Other



The American Institute of Architects (AIA) and architects were mentioned often as a source of information. The AIA also produces the Architecture Billings Index (ABI) and the biennial Consensus Construction Forecast ([see January 2017, AV Business Index](#)).

“We look at AIA, The American Institute of Architects and Green Building trends, usually in tandem with recommendations from architect friends. We also look at AV equipment purchases that will make it easy to meet needs on system upgrades in the future.”

– End User, North America

“In meetings with architects and knowing the workload they have, typically determine how busy our business will be in the near future.”

– Systems Integrator, North America

Pro-AV Business Index

Methodology

The survey behind the InfoComm Pro-AV Business Index was fielded to 548 members of the InfoComm AV Intelligence Panel (AVIP) between Feb. 28 and March 8, 2017. A total of 187 AVIP members completed the survey. Only respondents who are not end users 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 report an increase as report 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.

$$\text{Index} = 1.0 \times \% \text{ of positive responses} + 0.5 \times \% \text{ of neutral responses}$$

About the InfoComm International AV Intelligence Panel

The InfoComm 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, InfoComm AV Intelligence Panel members will be eligible to:

- Earn points toward Amazon online gift cards
- Preview the survey results prior to public release
- Attend a recognition reception at InfoComm trade shows
- Include select questions of their own in panel surveys

The InfoComm AV Intelligence Panel is designed to be a global community, representative of the entire commercial AV value chain. InfoComm 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 infocomm.org/AVIP.