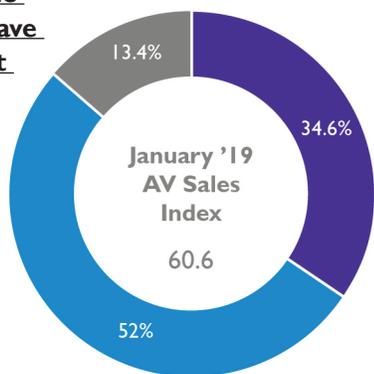


## Optimism for 2019 Amid Continuing Sales and Employment Growth

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 index is 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...**

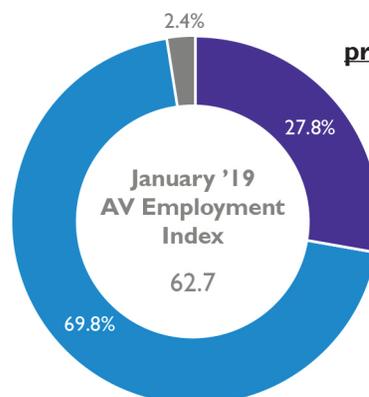
N-127



- 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-126



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

### Highlights:

- The AV Sales Index (AVI-S) bounced back some in January, rising to 60.6. The increase is unsurprising in light of evidence that the December decline was seasonal, but it is welcome news nonetheless. The current figure is close to last year's number, about a point below January 2018. Commenters expressed optimism for revenue increases over the

next 11 months. In terms of headwinds, there were a few mentions of turmoil in the financial markets accompanying the usual reports of challenging political situations. We break down the effect of such downside risks on the pro-AV industry in this quarter's Macroeconomic Trends Analysis (META) report, to be released later this month.

- To measure the market outlook for the year ahead, we asked respondents how they expected revenue in 2019 to compare to their 2018 numbers. A total of 63.2 percent is expecting an increase of 5 percent or more against just 4.0 percent anticipating a 5 percent or more decline. For comparison, this is just a touch less optimistic than our panel’s outlook going into 2018, when the corresponding numbers were 66.7 percent and 1.8 percent.
- U.S. manufacturing increased slightly in December, closing at a year-to-year increase of 4.0 percent. Elsewhere, German Q4 industrial output declined. Italian and Dutch manufacturing were both down in December, and French manufacturing defied its neighbors to increase 1.1 percent.
- In employment numbers, the United States saw especially strong payroll growth for the second month in a row. A total of 304,000 jobs were added, well over the expectation of 170,000. The lone blemish on the report was that December’s strong growth was substantially reduced from 312,000 jobs to a still strong 222,000. Unemployment ticked up a tenth of a percent to 4.0 percent due to an influx of workers into the labor force. Canada also marked an excellent

month of job growth, with companies adding 66,800 jobs against an expectation of just 8,000. Perhaps driven by similar market-wide factors, the AV Employment Index (AVI-E) jumped up 7 points to 62.7. This number is also 5 points higher than January 2018. Commenters continue to stress how difficult it is to find good workers, so it is unclear if the January growth is a function of newly qualified workers, lower standards, or a random positive shock.

*“AV spending is up because we are at the start of a new year and new monies have been released for projects. While AV employment is the same at the moment, we ARE looking to expand the staff, so hopefully will be greater soon. We’re swamped!”*

– AV End User, North America

*“Global financial condition affects the business turnover [and] will impact the investment.”*

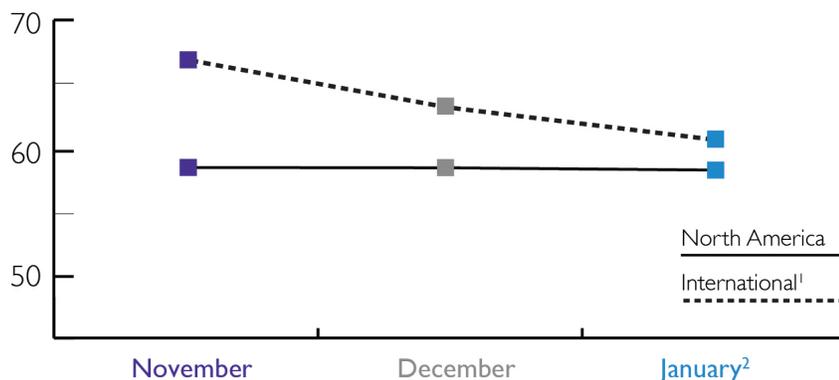
– AV End User, Asia-Pacific

*“Trained resource pool is weak. Hiring continues to be challenging.”*

– AV End User, North America

## International Outlook

The January regional preliminary<sup>2</sup> Pro-AV Sales Index shows steady growth around the world. The International AVI-S ticked down 2.5 points while the North American index was up a tenth. This has further reduced the gap between the two regions, though International growth remains a couple points higher.



<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. January 2019 index is preliminary, based on the average of December 2018 and January 2019 and will be final with February 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 674 members of the AVIXA AV Intelligence Panel (AVIP), January 28 to February 6, 2019. A total of 194 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 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 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).