

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.

Highlights:

- The AV Sales Index (AVI-S) marked another month of growth, as the index stayed steady at 67.2. This growth rate is up slightly from one year ago, consistent with the trend of stronger growth in 2018 than in 2017. Open-ended responses on sales conditions fell into two categories. Positive comments were non-specific, describing strong and broad-based demand. Negative comments focused almost exclusively on international political challenges such as Brexit, tariffs, and currency.
- The governments of the U.S., Mexico, and Canada announced a new free trade agreement. Despite public hype, the new accord — known as USMCA — differs from NAFTA in only small ways, such as marginally stronger intellectual property protections. It will be months before the agreement goes into effect, as each government needs to ratify it.
- Under intense social pressure, Amazon raised its minimum hourly wage to \$15 an hour. Coming from the second largest company in the world (by market capitalization), this decision could reverberate throughout the market for unskilled labor.
- The U.S. September employment report was a positive though mixed bag. Businesses added 134,000 jobs, below the prediction of 184,000. However, revisions to the July and August reports revealed a further 87,000 jobs added across those months, balancing out the underperformance relative to prediction. The unemployment rate dropped even further to 3.7 percent. Wage growth was down very slightly from August, which weakly contradicts other indications of tight labor markets. AVIXA's AV Employment Index (AVI-E) rebounded from its small downward tick in August. At 65.7, it is essentially flat compared to September 2017. Numerous respondents wrote about difficulty finding workers though none mentioned salary increases, reflecting low unemployment and perhaps some hesitancy to raise wages. AVIXA's annual employment report shows year-to-year salary increases for most positions at rates in line with national numbers.

“Increase in demand for outsourced Install Technicians in all our 4 markets. Our Integrator/ Dealer clients are seeing huge demand in VTC, Conference/huddle rooms, and Video LED Walls.”
— AV Systems Integrator, North America

“Situation remains unchanged from last several months, with the government mandating budgetary restrictions and impact on our economy by both the Argentinean and Brazilian crises, thus it is unlikely that the general situation will get any better before March 2019. That is when the presidential election campaign begins and that will likely result in increased spending.”

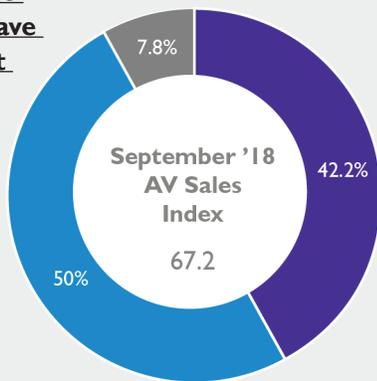
– AV Systems Integrator, Latin America

“Uncertainty in the trade war. We don’t know which product lines will be affected by the continuing battle over tariffs.”

– AV Manufacturer, North America

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

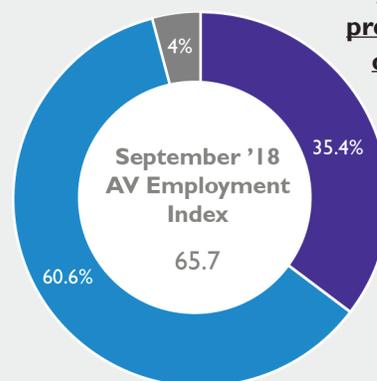
N-102



- 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...

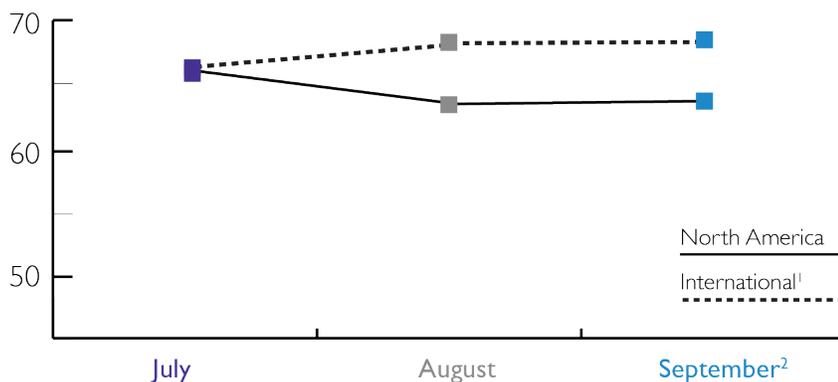
N-99



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

International Outlook

The September regional preliminary² Pro-AV Sales Index indicates that international growth continues to narrowly exceed North American growth, though both regions continue to experience an excellent business climate.



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

² Due to the small sample, the North American and International indexes are based on a 3-month moving average. September 2018 index is preliminary, based on the average of August 2018 and September 2018 and will be final with October 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 682 members of the AVIXA AV Intelligence Panel (AVIP), September 26 – October 5, 2018. A total of 165 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.