

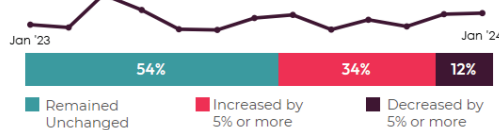
THE BALL IS ROLLING IN 2024

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 survey: 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 a 5% 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 business activity; more than 50 indicates an increase, while less than 50 indicates a decrease.

SALES INDEX

JANUARY 2024

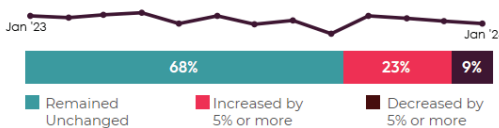
60.7



EMPLOYMENT INDEX

JANUARY 2024

57.1



“Although it has improved slightly, the continued delivery delays of key hardware is adversely impacting labor efficiency and profits as jobs are completed in stages to appease customers and generate cash inflow.”

– INTEGRATOR, NORTH AMERICA

HIGHLIGHTS:

- 2023 was a steady, unspectacular year that saw the AV Sales Index (AVI-S) average 58.8. 2024 is off to a better start, with the January AVI-S measuring 60.7. This is almost exactly the level the AVI-S averaged back in 2017 (60.6). While 60.7 is still not a spectacular level, it’s also a positive one and hopefully a harbinger of a healthier 2024 for our industry. On a micro level, comments show that the new year looks a bit like the old year. Long-standing issues of supply and labor force continue to be a thorn in the side of many businesses—though we stress that things are much better than at this time last year. Improvement in supply also translates into positivity in the index. For some companies, the reason their company saw improved sales is getting in the equipment needed to finalize and bill for certain projects.
- While some data suggests continuity between 2023 and 2024, our data on the top issues for pro AV show several positive shifts. Since September 2022, we have asked respondents to identify their most significant business challenge over the last month. January was the first one where “We have not had any significant challenges” was the top response (at 18%). A second noteworthy shift was in “Rising costs/inflation.” Over the life of the index, this issue has ranged in mid to high in the rankings, reliably below “Supply issues” but often near other high-

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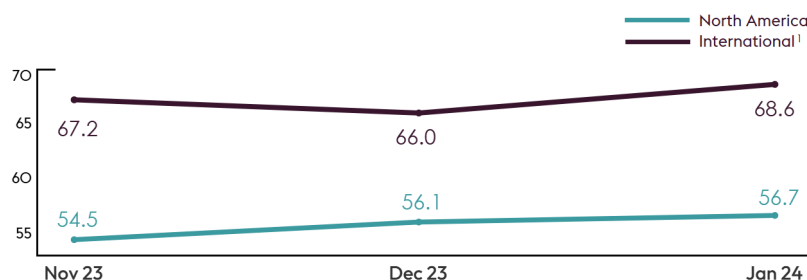
HIGHLIGHTS: *(continued)*

ranking categories such as “Hiring/retention” and “Recession/business cycle.” But in a sign of the turning times, it was by far the lowest of our major categories at 8% in January. The next lowest was... “Supply issues” at 12%. Times have changed in pro AV. And that change is likely to continue. We strongly expect these categories to continue to fall throughout 2024.

- The AV Employment Index (AVI-E) is off to a modestly less positive start than the AVI-S. At 57.1, this January reading is roughly in line with the 57.8 observed in December. However, this marks the third consecutive month with a sub-one-point change, but the trend is downward since all changes have been negative. In addition, the 57.1 observed in January is below the 2023 average level of 58.2. That said, as covered previously, 2023 AVI-E numbers were higher than expected based on in-period sales growth since companies were still boosting staffing levels to catch up with the 2022 revenue boom. With that context, it’s unsurprising to see the current AVI-E level. Going forward, if the AVI-S can maintain its level of around 60 or 61, we would expect the AVI-E to increase to 58 or 59. In the wider economy, the news is better. U.S. employment data for January again showed surprising robustness, with 353,000 jobs added alongside a 4.5% increase in average wage (well above inflation). This is a strong indicator of economic health in the U.S. and should support confidence that recession is unlikely.

INTERNATIONAL OUTLOOK

Both North America and the rest of the world saw increases in our regional breakdown of the AVI-S.1 For North America, that was a modest increase from 56.1 to 56.7. The gains were more significant for the rest of the world, from 66.0 to 68.6. Regular readers will note, too, that the considerable gap between the regions persisted. The level has fluctuated over recent months, with the highwater mark observed in November and January’s initial reading as the second highest. We expect the gap to close next month and more equality to be observed later in 2024.



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

“Working through our existing backlog of projects now that products are available is an item that is impacting business. Hiring qualified candidates to fill vacant positions continues to be a top challenge of our company currently.”

– INTEGRATOR, NORTH AMERICA

¹ International 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. January 2024 index is preliminary, based on the average of December 2023 and January 2023 and will be final with February 2024 data in the next report.

METHODOLOGY

The survey behind the AVIXA Pro AV Business Index was fielded to 2,000 members of the AVIXA Insights Community as well as many members of the ISE mailing list between January 30, 2023, and February 5, 2024. A total of 281 AV professionals 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. The monthly score is 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 the aggregate, are reporting an increase in activity that month compared to the previous month. In contrast, a score lower than 50 is a decrease in activity.

“We encounter continuing supply chain delays of control processors and audio equipment, although forecast of production and delivery is improving. Clients have been understanding and alternative design solutions continue. Increased interest rates affect operations and long-term financing. COG is higher with significant shipping and handling rate increases.”

- INTEGRATOR, APAC

ABOUT THE AVIXA INSIGHTS COMMUNITY

The AVIXA AV Intelligence Panel (AVIP) is now part of AVIXA’s Insights Community, a research group of industry volunteers willing to share their insights on a regular basis to create actionable information. Members of the community are asked to participate in a short, two-to-three-minute monthly survey designed to gauge business sentiment and trends in the AV industry. Community members will also have the opportunity to participate in discussions, polls and surveys.

Community members will be eligible to:

- Earn points toward online gift cards
- Receive free copies of selected market research
- Engage directly with AVIXA’s market intelligence team to help guide research
- Ask and answer other industry professionals’ questions

The Insights Community is designed to be a global group, 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 community, enjoy benefits, and share your insights with the AV industry, please apply at avip.avixa.org.