

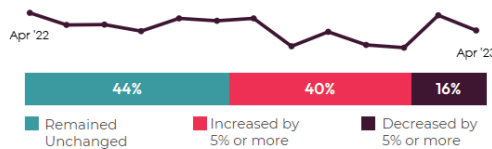
SOLID AV GROWTH DESPITE ECONOMIC UNCERTAINTY

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

APRIL 2023

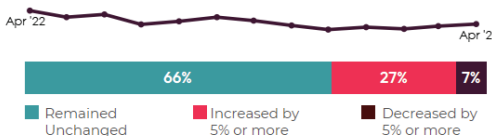
61.6



EMPLOYMENT INDEX

APRIL 2023

60.2



“Beginning of year uncertain but enquiries picked up and looking to be improving significantly. Still no longer-term certainty which is often the case anyway....”

– INTEGRATOR, EUROPE

HIGHLIGHTS:

- March was great; now April is good. The latest pro AV sales index (AVI-S) came in at 61.6, exactly in line with expectations. The preceding months followed an uneven course: January and February had modest but meaningful growth, with scores near 57. Then March surprised, leaping up almost 10 points to 66.0. We interpreted that as reflecting both noise and signal, suggesting that April’s results would be above February but below March. And the result lands almost exactly in the middle. A level of 61.6 is good news, as it indicates a strong growth rate similar to pre-COVID norms. According to commenters, it is the net result of several important factors. On the negative side, you have continued supply issues, though they are improving. On the positive side, you have the continued return to non-pandemic norms. Uncertainty is a factor as well. As we cover in the next highlight, the possible recession is holding off for now but could easily strike.
- GDP numbers have come in for the first quarter of 2023 and closed the door on the once-popular idea that that time window would see the start of a recession. US GDP increased at an annualized rate of 1.1%, EU GDP grew at an annualized rate of 1.2%, and China’s GDP increased at an annualized rate of 9.09% (though that reflects a weak 2022 Q4 as the COVID-zero policy largely ended). Altogether, it’s a picture of sustained economic growth in

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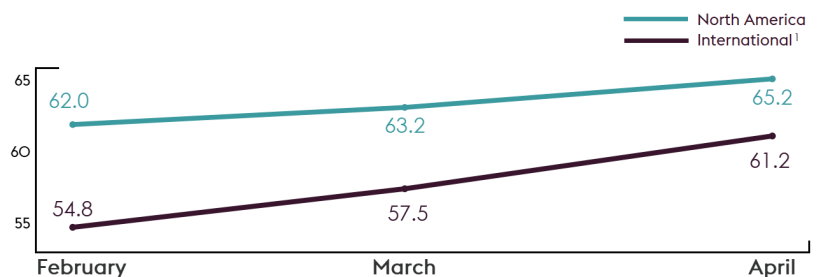
HIGHLIGHTS: *(continued)*

defiance of expectations in fall 2022. That said, there are no guarantees of continuance. The banking sector continues to struggle, particularly within the US, where a domino effect is shutting down regional banks. On May 1, First Republic Bank became the second largest failure in the US, and other mid-size banks now teeter on the edge. These bank failures represent a major tightening of credit availability far above and beyond the Federal Reserve's rate increases. That tightening will reduce business investment and meaningfully increase recession odds this year.

- The AV Employment Index (AVI-E) continued its steady show of strength. The numbers reflect a bit of backlog from 2022's strong revenue growth, both because companies struggled to hire given the difficult labor market and because companies were hesitant to invest in staff after such a difficult couple of pandemic years. That puts the AVI-E currently at 60.2. That level is lower than the AVI-S, but steadier employment is normal. In fact, the AVI-S is commonly farther ahead of the AV-E than just 1.4. In short, pro AV payrolls continue to undergo healthy expansion. Perhaps for similar reasons, the overall labor market is also a bright spot for the wider economy. For April, the US BLS reported another significant jump in payrolls (253,000), concentrated mainly in the services sector as it continues to revert post-pandemic. Meanwhile, unemployment ticked down to 3.4%. The labor market is the strongest reason to doubt that a recession is coming in the immediate future.

INTERNATIONAL OUTLOOK

The gap between North America and the rest of the world shrunk in the initial April reading of the international AVI-S outlook. Currently, North America is at 65.2 while the rest of the world is at 60.5.² Most likely, these numbers will trend downward slightly in May, though staying near or above 60 seems most likely. Adding on, this outlook is good news for how much it shares the growth worldwide. Previous months suggested more weakness outside of North America, but the rest of the world seems to be building strength.



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

“Supply chain issues continue to be a problem. We are very busy and have hired additional installers. Looking for qualified design-engineers, but they're hard to find and expensive. Concerned with increased interest rates (borrowing) and its impact on Corporate expenditures. Recession coming?”
– 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. April 2023 index is preliminary, based on the average of March 2023 and April 2023 and will be final with May 2023 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 April 28, 2022, and May 4, 2023. A total of 254 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 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.

“What affects the performance where I work at the moment, is the condition of pandemic status which has been abolished by the government, to be honest, this is very helpful... Thanks to this, our activities have increased, and I hope that our income will also increase.”

- 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.