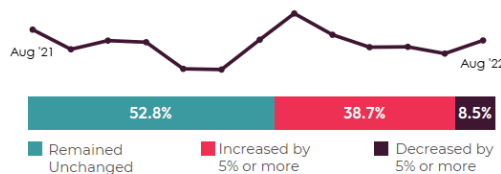


## THE STRENGTH OF AV SALES SURPRISES

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.

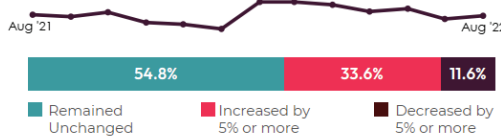
### SALES INDEX AUGUST 2022

65.1



### EMPLOYMENT INDEX AUGUST 2022

61.0



“We are continuing to be impacted by longer than normal lead times. Although we were able to hire an additional installer, we are still down 5 people. The labor market is horrible.”

– PROVIDER, NORTH AMERICA

## HIGHLIGHTS:

- Perhaps the tailwind of return to in-person hasn't fully spent itself yet. Despite continued general economic threats and weakness, this August was an exceptionally strong month for AV sales growth. The AV Sales Index (AVI-S) accelerated from its July mark of 61.4 up to the mid-sixties, 65.1 exactly. This was the highest mark since April. Despite the positive overall, comments skewed negatively. While this may seem contradictory, we believe it reflects the salience of the current challenges. For example, supply issues see certain products with lead times of over a year. One commenter wondered if any digital microphones were left on earth and if perhaps they need to search farther afield into the galaxy. Labor market difficulties were acute as well. The sheer unusualness and sharpness of these issues spur comments, even if overall sales are growing. Going forward, the AVI-S will likely decelerate from its current mark. Given the string of scores in the low sixties and the lack of a clear, enduring reason for the acceleration, it is unlikely the 65.1 score represents a new normal.
- Recession threat is a persistent concern. In China, the central bank very slightly lowered interest rates in response to fears of contraction. In Europe, fears center on a realistic scenario where spiking winter fuel costs due to sanctions

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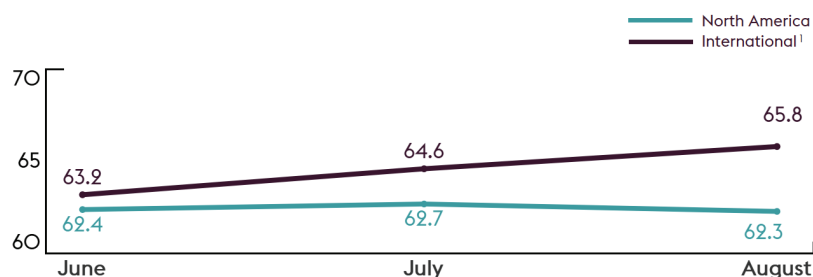
## HIGHLIGHTS: *(continued)*

on and retaliation from Russia cause a downturn. And in the U.S., the Federal Reserve’s restated commitment to combating inflation by applying the brakes to economic growth creates a serious risk of recession. In sum, that’s a great deal of risk. For data on what a recession might mean for pro AV and how your company can prepare, take a look through our [library of quarterly META reports](#), which are available free to Silver and Gold AVIXA members. The report “Recession Impacts” looks at the scale of contraction of pro AV during a recession, and the report “Recession Roadmap” reviews vertical market performance during the Great Recession of 2008–09 to assess which areas provide the most secure revenue sources.

- The AV Employment Index (AVI-E) also ticked up in August, though less dramatically than the AVI-S. The current figure is 61.0, up just less than a point from the July mark of 60.1. For pro AV, this signals continued labor market challenges. Hiring will not get easier, and nor will retention. Businesses experiencing the kind of sales growth shown in the AVI-S should budget extra time and money to find and retain the talent needed to support the project work. In the wider economy, the U.S. employment numbers for August showed more strong growth with 315,000 new jobs. The unemployment rate did tick up a tenth of a percentage point as more workers entered the labor force—a small relief to businesses straining to find help.

## INTERNATIONAL OUTLOOK

As expected, the Rest of the World continued to outpace North America in our international outlook. In the preliminary August reason, the Rest of the World is at 65.8, and North America is at 62.3.<sup>2</sup> That means a current gap of 3.5 points, though we expect the gap to close next month. Seeing such strong growth in the Rest of the World category is heartening due to the many challenges around the world, especially the weakness in China and high recession risk in Europe mentioned in the highlights above.



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

“In addition to the long delays of some models and some brands, particularly in our country, there is a strong pressure for inflation. That makes it very difficult or impossible to import, since we do not have access to transfer dollars to accounts abroad. (There is plenty of [local country] currency and there are no US dollars.)”

– INTEGRATOR, LATIN AMERICA

<sup>1</sup> International 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. August 2022 index is preliminary, based on the average of July 2022 and August 2022 and will be final with September 2022 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 between August 29, 2022, and September 6, 2022. A total of 266 Insights Community 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 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.

“Supply chain constraints, particularly with control systems, signal extension, and wireless microphone system components, are adversely impacting our ability to complete jobs. Currently being quoted lead times of more than 52 weeks on some components. Our customers have been slow to return to work, which means they have less need for the systems we provide. This is also adversely impacting revenue generation.”

- INTEGRATOR, NORTH AMERICA

## 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](https://avip.avixa.org).