

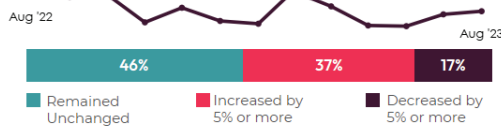
CONTINUED SOLIDITY FOR PRO AV

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 2023

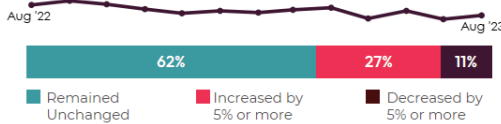
60.2



EMPLOYMENT INDEX

AUGUST 2023

58.0



“Negative factors: delays in project timelines, delays in supply chains remain. Positive factors: greater [brand awareness], more effective marketing, focus on key verticals improving pipelines significantly”

– MANUFACTURER, NORTH AMERICA

HIGHLIGHTS:

- Last month, we focused on improving news in the global macroeconomy. That positivity continues in the AV sales index (AVI-S), which moved up about a point from 59.3 to 60.2. So far, the AVI-S has averaged 59.1, so this month is a touch better than the growth we’ve measured this year. We note that this growth hasn’t been equally shared across all sectors. On the positive side, live events is experiencing strong growth as they consolidate financial gains from the return to in-person. On the negative side, certain products are in oversupply as supply chain issues ease, leaving some companies disappointed in their bottom lines. Commenters highlighted many positive and negative trends this month. Several comments focused on the return to office, including clients firming up long-term return-to-office plans and the associated AV needs. This remains a key area of uncertainty for our industry, especially since corporate offices are our industry’s largest vertical market (see our [IOTA report](#) for more details).
- Technological advances and COVID-related workflow shifts have created unusually high levels of new, untapped, and undeveloped market opportunity. Adding AI into conferencing and collaboration, taking advantage of avatars in virtual meetings, diving into the immersive

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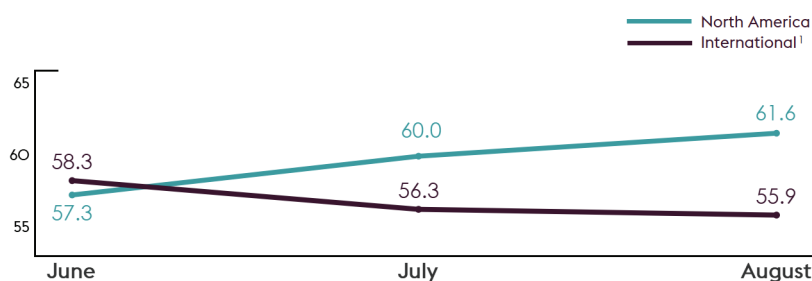
HIGHLIGHTS: *(continued)*

potential of e-sports, and more. However our data suggests the AV community continues to focus on more traditional spaces. A majority of our Insights Community report that VR, eSports, and virtual production present little to no opportunity for their business over the next five years. By comparison, Just 25% feel that way about control rooms. If the crowd is reticent to jump into promising new spaces, an unusually large market share could be available to ambitious first-movers.

- Like the AVI-S, the AV Employment Index (AVI-E) also ticked up modestly this month, accelerating from 56.9 in July to 58.0 in August. This represents a steady expansion of payrolls. Notably, hiring remains difficult. Hiring new employees was once again the second biggest challenge reported by respondents, just five percentage points behind supply chains. The persistent moderate growth mirrors what is happening on the broader labor market in the U.S. According to the BLS, payrolls added 187,000 jobs in August—roughly normal for the pre-pandemic years—as unemployment edged up to 3.8%. Not all labor markets are so strong. In China, the world’s second largest economy, unemployment is a growing issue. Youth unemployment is particularly troubling, at over 20% in June before the government stopped breaking down unemployment by age in July.

INTERNATIONAL OUTLOOK

Given the comparative strength of the U.S. economy, the latest numbers in our international outlook are unsurprising: Growth shared around the world but substantially stronger in North America than the rest of the world. In our preliminary reading for August, the North American AVI-S was 61.6, 5.7 points better than the rest of the world mark of 55.9.² Going forward, we anticipate this gap persisting, though it’s unclear how long. For Europe, at least, the current economic struggles are not expected to have as significant an impact in 2024.



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

“Overall steady progress and some growth in 2023. Lead pipeline good and inquiries returning to pre-Brexit levels. Longer term outlook still uncertain but happy with the positives so far.”

– IT INTEGRATOR, EUROPE

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. August 2023 index is preliminary, based on the average of July 2023 and August 2023 and will be final with September 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 August 29, 2022, and September 7, 2023. A total of 256 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.

“The wildfires in Canada and ferry port issues on both coasts are constantly being watched by our company to ensure deliveries remain on schedule to our warehouses across Canada. Also, preparing for potential COVID issues this fall and winter. Staying ahead of any potential force majeure issues that are lingering as well.”

- DISTRIBUTOR, 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.