

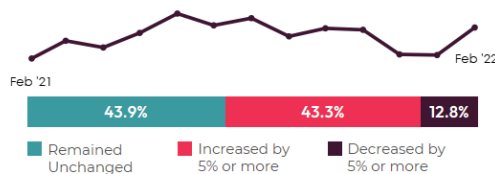
PRO AV REBOUNDED AS FEARS FADE

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 the business activity; more than 50 indicates an increase, while less than 50 indicates a decrease.

SALES INDEX

FEBRUARY 2022

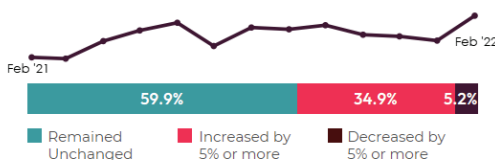
65.3



EMPLOYMENT INDEX

FEBRUARY 2022

64.9



“Supply chain disruptions seem to be the most major outside factor right now. Just today, I have had a number of customers asking when their equipment will be ready for install. Informing potential customers that their installation will not occur for months after acceptance has become just another part of my sales discussions.”

- LIVE EVENTS, NORTH AMERICA

HIGHLIGHTS:

- Omicron dented AV sales growth, causing modest expansion in December and January. But with the global case counts firmly on the downslope, February saw renewed progress, with the AV Sales Index (AVI-S) measuring 65.3. This mark is 8.4 points above the January level, representing a substantial acceleration in the rate of revenue increase. It's also right in line with the growth rates observed prior to the Omicron wave in October and November. Going forward, strong growth will continue, though further deceleration is possible since fewer businesses will be bouncing back from the Omicron wave. That said, companies continued to cite COVID-19 as a significant barrier to growth, though less than last month and less than complaints about supply chains. Respondents mentioned the war in Ukraine too, though more as a driver of uncertainty and hesitation rather than a clear disruptor so far.
- Russia's invasion of Ukraine and the sanctions it has kicked off are permeating the global economy. Russia's economy is in freefall, while most of the world is paying a relatively moderate price. For example, the S&P 500 is down about 4.5% from mid-February. Countries with more economic exposure to Russia are faring worse, with the German stock market down 17%. Lack of participation in sanctions is not a certain insulator against economic consequences, as the Shanghai Composite Index has dropped

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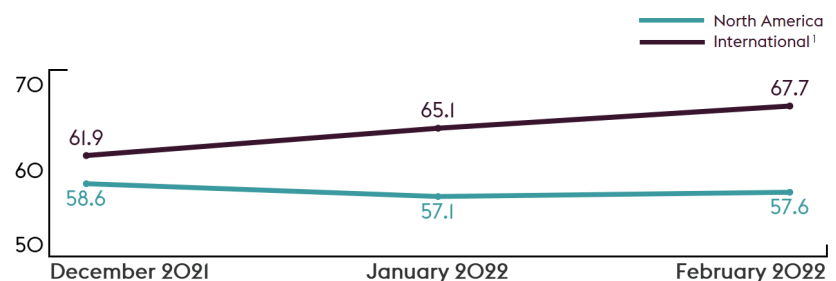
HIGHLIGHTS: *(continued)*

some 5% since mid-February despite China’s neutral stance. For pro AV, we anticipate relatively little impact. Eastern European markets will feel the most effects, and supply chain issues face some level of risk. One pro AV aspect that does stand to be negatively impacted is content management systems, as many provider companies rely heavily on staff in Belarus, Russia, and Ukraine. That said, CMS represents only a small fraction of total pro AV revenue, minimizing our industry’s overall hit.

- Pro AV employment boom? February saw the AV employment index (AVI-E) record the most rapid payroll expansion since the pandemic and the fourth fastest expansion in the life of the index. At 64.9, the AVI-E was just 1.1 points below its record of 66.0. Though it is fractionally lower than the AVI-S level, it’s a more impressive figure because employment is typically much steadier than sales. Since last spring, we’ve been warning that though AV was running behind the overall economy, a hiring squeeze was coming all the same. Right now, the evidence shows it has started to arrive. Relatedly, overall job growth is also strong, with the U.S. economy adding 678,000 jobs in February as the unemployment rate fell to a pandemic low of 3.8 percent. Tellingly, the job growth was greatly driven by leisure and hospitality, which added 179,000 new jobs. People have not returned to pre-pandemic norms in the experiential economy, but there is momentum.

INTERNATIONAL OUTLOOK

The gap between North America and the rest of the world continued to grow in February. Last month, we predicted an expansion, and indeed the International AVI-S is now 10.1 points ahead of North America, up from 8 points in January.² To be sure, both regions are growing. But at 57.6, North America is experiencing moderate expansion, while the 67.7 International figure represents the second-fastest expansion in the 4.5-year history of the index, just 0.6 points behind October 2018. That’s impressive growth!



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

“After staff reductions over multiple years, we are now seeing we are understaffed! Everyone wants the same services we performed previously, but we don’t have the budget or staffing to do it!”

– END USER, 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. February 2022 index is preliminary, based on the average of January 2021 and February 2022 and will be final with March 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 February 25, 2022, and March 7, 2022. A total of 297 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 indicates a decrease in activity.

“Still less enquiries than (say) pre-Brexit with key areas in AV now fought over by more integrators, direct to market sellers and prosumer teams within customers operations that don’t necessarily value integration. ‘Back in the day’ this was supported by decent channel margins - but those are long since gone with the focus on services. However, with this [focus] comes a dilemma - customers, especially within certain types of business - don’t value those services and prefer to ‘have a go’ in-house. Potentially that’s the only way they get budget in a world where those are majorly squeezed...”

– INTEGRATOR, EUROPE

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.