

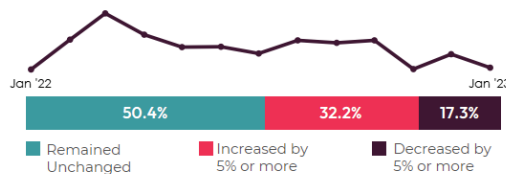
SLOW START TO 2023

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 2023

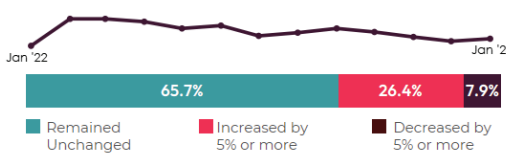
57.4



EMPLOYMENT INDEX

JANUARY 2023

59.3



“We are still being affected by supply chain issues, but they are getting better with shorter lead times. We are also seeing an increase in demand from live event and entertainment spaces.”

– MANUFACTURER, NORTH AMERICA

HIGHLIGHTS:

- 2022 started with an AV Sales Index (AVI-S) of 56.9 before climbing to a record highest score of 72.7 in March and tying the highest average score for a single year. Now 2023 starts 0.5 points higher, with the AVI-S at 57.4. The 2022 trajectory is unfortunately not expected to recur. Return to in-person was the biggest driver of growth in 2022, and that’s a force that has largely spent itself (though live events still has growth to go). Instead, we begin the year with significant recession risk. That said, there is major uncertainty. It’s plausible that the 57.4 in January will be the low mark for the year! One positive is supply chains. To be clear, supply chains remain a major problem for the industry right now, a reality that comes through in the comments. But the difficulties are trending in the right direction. Stabilization of supply and prices offers an upside for later this year.
- Recession is the biggest question for the outlook of pro AV in 2023. Our research has shown that pro AV growth adjusts similarly to how GDP moves in an economic downturn (see “Recession Impacts” on the [META page](#)). That’s good news when you consider many market research firms compare pro AV to construction, but it also means our industry faces a very real possibility of a downturn

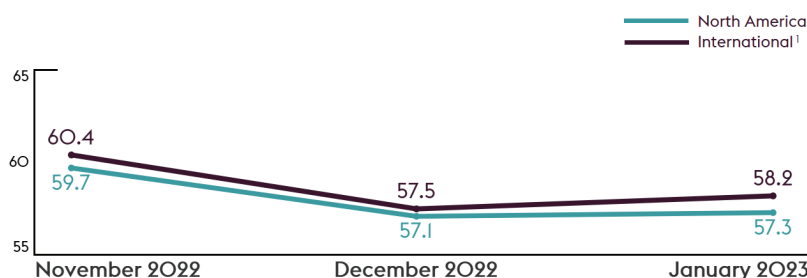
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HIGHLIGHTS: *(continued)*

- this year—at least a couple bad months if perhaps not a full year of contraction. Stay closely tuned to market research and economic outlooks—whatever your preferred sources—to adjust business as quickly as possible in response to change.
- The AV Employment Index (AVI-E) exceeded the AVI-S in January, an unusual occurrence reflecting two factors: the combination of massive growth and major hiring difficulties in 2022. AV companies are playing catch-up to get staffing back to healthy levels and keep workloads appropriate. Second, employment is always steadier. The AVI-S has taken a relatively fast downswing in recent months. Sudden so-so sales months do not immediately disrupt hiring plans, which are decisions that happen over a period of months. If the lower AVI-S marks continue, we can expect the AVI-E to follow it over time—though a slower response window is likely given the aforementioned massive growth and hiring difficulty combination.

INTERNATIONAL OUTLOOK

The initial moving average readings for North America and the Rest of the World in our initial outlook for January suggest similar growth worldwide.² After the average was finalized for December, the two regions have now been within a point of each other for three months in a row. The general trend has been towards lower growth in both regions, but the initial reading for January’s moving average is higher than December for both regions. Unfortunately, we believe that upon finalizing the readings with additional data in February, both January marks will be lower than they are for now. That said, we hope for better!



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

“We are overstaffed in operations and somewhat understaffed in installation and programming. Sales continue to improve, but not at the rate needed to sustain long-term success.”

– 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 2023 index is preliminary, based on the average of December 2022 and January 2023 and will be final with February 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 January 31, 2022, and February 6, 2023. A total of 258 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.

“Supply chain delays with processors for control automation, digital switchers, and audio amplifiers have delayed inventory to complete installation, commissioning, and project completion. This impacts delay with project closure and earned revenue. It increases warehouse inventory backlog and affects liquidity with funds tied with the inventory and bonding. These are issues affecting most business as we aren’t alone in this.”

- 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.