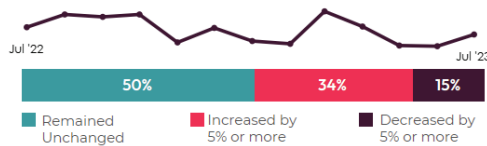


## HAVE WE STUCK THE SOFT LANDING?

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.

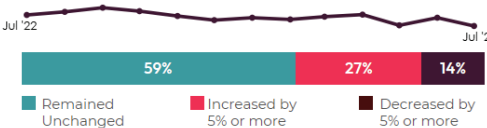
### SALES INDEX

JULY 2023  
**59.3**



### EMPLOYMENT INDEX

JULY 2023  
**56.9**



“Many new projects have been introduced; there is a very high need for AV projects. Although we continue with uncertainty in the political sphere of our country, the economy is on the right track.”

– INTEGRATOR, LATIN AMERICA

## HIGHLIGHTS:

- Good news, good news, and good news this month! Conditions aren't perfect, but the macroeconomy has hit a strong run of good news, and pro AV seems to be strengthening along with it. Starting with pro AV: our sales index for July shows an acceleration of revenue growth, from the positive but mediocre June mark of 55.9 to a solid but unspectacular mark of 59.3 for July. In describing their companies' performance, commenters highlighted a variety of factors. Positive influence from the economy was common, though others highlighted ongoing economic challenges. Supply chains remained a frequent factor, though the consensus and our data are clear that they are on a trajectory of improvement. Hiring is also an issue; while some companies are fine, others remain perpetually understaffed or struggle mightily to fill open positions.
- The best news came from the wider economy this July. US GDP hit a big surprise when the advance estimate of second-quarter growth came in at an annualized rate of 2.4%. So much for the first-half recession concerns! This good news on growth was accompanied by good news on US inflation, which saw the annual CPI inflation rate cool to just 3.0% year-on-year (down from 4.0%).

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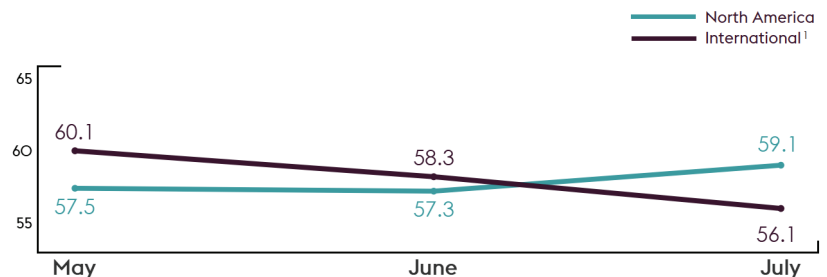
## HIGHLIGHTS: *(continued)*

Core inflation, which is an important guide for interest rate decisions, was higher at 4.8%, though this, too, was a meaningful improvement from the May mark of 5.3%. These major pieces of good news contribute to a special outcome in the Dow Jones stock index: a 13-day winning streak, the longest in 36 years. In fact, this streak was just a day short of the all-time record set back in 1897. It's not all good news—Europe continues to experience stagnant growth, though inflation is declining there, too—but there has been extensive positivity in recent weeks!

- The AV Employment Index (AVI-E) wasn't as positive as the rest of the report this month, falling from 59.3 to 56.9. 56.9 is not a bad result for the steadier AVI-E, but it is the lowest level recorded since July 2021. Interestingly, the result paralleled the data on US employment for July, which showed the addition of 187,000 jobs, a level that was the lowest since 2020. Yet, the news was good overall. To start, 187,000 jobs would have been a bit above average for the months leading up to the pandemic. Beyond that, unemployment ticked down to 3.5%, and the average hourly wage increased at a 4.4% annualized rate. In sum, a positive report, even if hiring is slowing down—for pro AV and the US economy alike.

## INTERNATIONAL OUTLOOK

Last month, reflecting on weak macroeconomic conditions in Europe and early positive returns in the U.S., we projected that the gap of the Rest of the World over North America—4.8 points in our initial June reading—would close in our initial July reading.<sup>1</sup> Well, with the strength in the U.S., the gap reversed. The preliminary July mark for North America was 59.1, 3 points ahead of the 56.1 mark for the Rest of the World. Given momentum in the U.S. economy, this growth advantage seems likely to persist through August at least.



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

“Overall, the supply chain continues to ease allowing for backlogs to flow through. Some things are still longer lead than before; however, the focus on available product continues to be number one to execute projects.”  
— INTEGRATOR, NORTH 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. July 2023 index is preliminary, based on the average of June 2023 and July 2023 and will be final with August 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 July 28, 2022, and August 7, 2023. A total of 237 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.

“Mid-year going into 3rd Q is when all annual budgeted capital projects kick into high gear, lest they lose their funding to other more agile and shovel-ready projects. At the same time, it is when new annual capital comes available due to some projects dragging their feet and the AV team keeps a backlog of shovel-ready work to pull from immediately if capital comes available. From now to year’s end, I expect more and more AV expenditures. As for employment, we do have a couple of AV reqs out but our hiring process here is notoriously slow so who knows when they’ll actually bring someone new on board...”

- END USER, 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).