

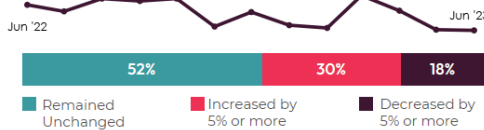
JUNE SALES GROWTH STEADY, PAYROLL GROWTH STRONGER

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

JUNE 2023

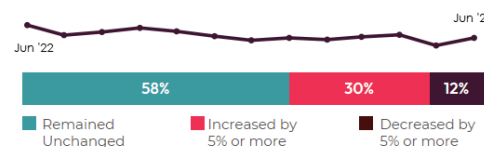
55.9



EMPLOYMENT INDEX

JUNE 2023

59.3



“Extended delays in critical equipment is adversely affecting our ability to complete jobs. We are spending more time and incurring additional labor costs cobbling together temporary solutions to accommodate these delays.”

– INTEGRATOR, NORTH AMERICA

HIGHLIGHTS:

- With the backdrop of a stagnant global macro economy, it’s no surprise to see pro AV settling into a level of modest growth. After the AV Sales Index (AVI-S) registered a slow expansion of 56.1 in May, the AVI-S held steady at 55.9 in June. Both numbers are comfortably above the no-net change line of 50 but below historic norms of expansion for our industry. Commenters reported a mix of positivity emphasizing a return to normal and negativity from ongoing supply issues and economic weakness. Interestingly, in our categorical survey question on the top issue facing respondents, supply issues were at the lowest level, and the percentage reporting no significant challenges was at the highest level since we introduced the question in September 2022.
- The late 2022 and early 2023 GDP numbers show significant weakness in the European economy. After GDP contraction of 0.1% in the Eurozone and 0.2% in the EU in 2022 Q4, the Eurozone contracted 0.1% again in 2023 Q1 while the EU saw a 0.1% increase. Does the back-to-back decrease in Eurozone GDP indicate a regional recession? Of course, everyone is entitled to their own decisions on classifications, but our perspective is to focus on a broad slate of numbers rather than only GDP. A broader look reveals

Continued on next page.

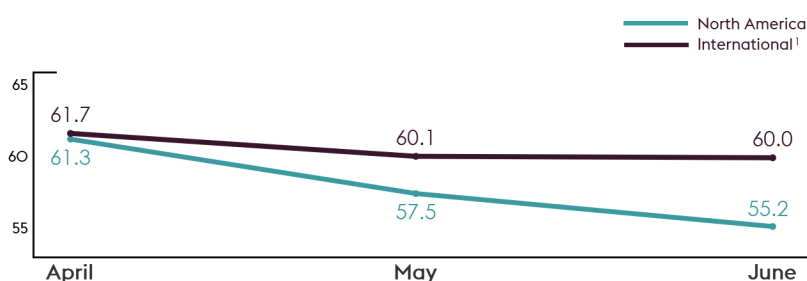
HIGHLIGHTS: *(continued)*

greater strength, with 0.3% increase in Eurozone employment in 2022 Q4 and an even greater 0.6% increase in 2023 Q1. The net is not good news; the European economy is weak. But it's far from a crisis, and pro AV growth remains likely from technological advances, evolving AV needs, and the continuing small recovery from the return to in-person.

- Pro AV employment continues to catch up on the gap developed during the rapid revenue rebound of 2022. In June, the AV Employment Index (AVI-E) increased by 2.2 points to 59.3. This is 3.4 points higher than the AVI-S, an unusually large advantage for the normally steadier payroll shifts. Interestingly, this comes at a moment when "Hiring new employees" was at its highest level in our top business challenge question—though that may reflect how much supply difficulties have eased more than a real increase in hiring difficulty. In the US, employment numbers show continued strength, with over 200,000 jobs added and a small decline in the unemployment rate in June. This growth allays recession fears but increases the likelihood of future interest rate increases.

INTERNATIONAL OUTLOOK

May delivered an unexpected shift, with the rest of the world starting to outpace North America in our international outlook. With the shift in momentum, we predicted the gap to persist and perhaps even widen. In the initial read for June, that's exactly what happened. Currently, the North American AVI-S is 55.2, and while the rest of the world is at 60.0¹. Going forward, this gap seems too large to reverse in just one month, but we do expect the regions to converge again, especially given the weakness in the EU.



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

“The industry continues to recover, and a significant number of projects have been reactivated, in addition to new opportunities that have arisen. At country level, we continue to suffer from problems with the federal governments decision-making and, in contrast, a favorable exchange rate has also boosted some sectors of the economy.”

– INTEGRATOR, LATIN 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. June 2023 index is preliminary, based on the average of May 2023 and June 2023 and will be final with July 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 June 28, 2022, and July 6, 2023. A total of 255 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.

“Vendor price increases and the end users figuring out where and how to spend their money on technology now. During COVID there was a huge demand for laptop computers, web cameras. The market turned away from servers and storage and I think we are facing another shift and also decrease in the market because of the current economy.

- 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.