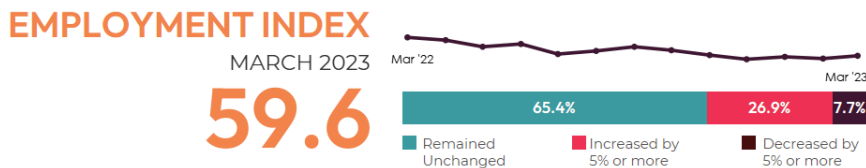
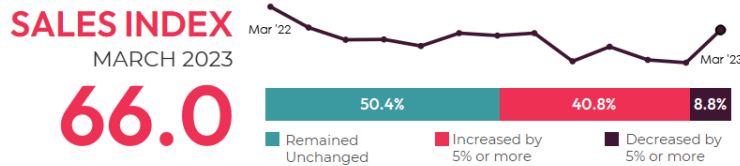


SURPRISING AND SUBSTANTIAL LEAP IN PRO AV GROWTH

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.



“Economic uncertainty is a looming factor. Decrease in expenditures due to issuance of POs for summer gear last month. Still dealing with major supply-chain and personnel procurement issues.”

– END USER, NORTH AMERICA

HIGHLIGHTS:

- “With the economy slowing and the return to in-person boom mostly exhausted, pro AV growth seems to be settling into a moderate expansion phase.” Or not! The introductory sentence for the February index report does not seem quite so certain with the March data in hand. This update saw the AV Sales Index (AVI-S) leap from 56.6 in February to 66.0 in March. An increase of 9.4 is rare, and a level as high as 66 is uncommon. It’s great news. But to keep it in perspective: Anytime a significant change happens without clear explanation, you have to be skeptical of its informational value. The shift may be noise rather than signal. Especially given that March was a month with meaningful economic turbulence in the form of several bank failures, it seems wisest to discount some of this change as a lucky one-off. That said, it’s still good news. For example, though luck may have driven it so high, it does shift expectations upward for April relative to what they would have been after February. In addition, if April comes in hot too, that will be more trustworthy than if it mark came out of nowhere the way the March figure did. Here’s hoping for more of this same positivity going forward!
- In September 2022, we began to track the top issue for our Insights Community via a multiple-choice question. This augments

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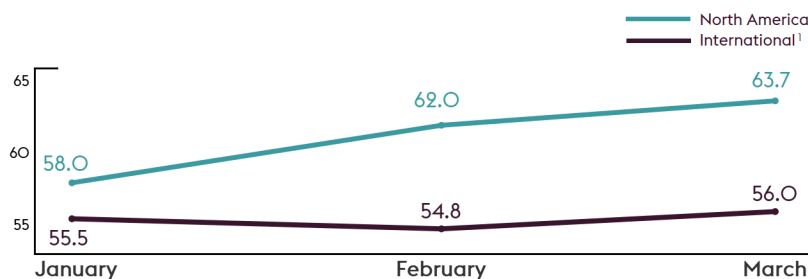
HIGHLIGHTS: *(continued)*

the open-ended question where respondents share the factors having the biggest impact on their business that month. Unsurprisingly, supply constraints (i.e. delay and lack of availability) have been the top issue since we started asking. However, this question also reveals a trend of improvement over time. In September, 49% of respondents highlighted supply constraints as the top issue; this month, that percentage was only 36%. No single other issue has risen substantially or stands out as clear second. Hiring new employees is commonly cited, and recession/business cycle has become a more common selection, but outside of supply constraints, the responses are diverse.

- Unsurprisingly, the AV employment market does not show the volatility observed in sales. While the AVI-S jumped almost 10 points, the AV Employment Index (AVI-E) crept up just 0.8. That said, the AVI-E remains at a very positive level. It had been higher than the AVI-S when sales grew more slowly earlier this year, and it's lower now that sales are growing so rapidly. Going forward, we expect only further continuation of current AVI-E levels as companies seek to continue to fill out staffing shortages that developed during the rapid growth and difficult hiring market of 2022. That continuation becomes only more certain to the extent this month's excellent AVI-S turns out to be a long-term signal rather than a one-off blip.

INTERNATIONAL OUTLOOK

The international outlook shows that the gains of the AVI-S were a global phenomenon. Looking back at the moving average for February, the finalized number is 3 points higher for North America and 3.5 points higher for the Rest of the World. Now, the initial reading for March shows further acceleration, of 1.7 points for North America and 1.2 points for the Rest of the World, leading to final regional AVI-S levels of 63.7 and 56.0 respectively.² The one small disappointment amidst all the shared growth acceleration is that the gap between the regions remains wide. Going forward, we do expect this gap to persist, though some shrinking appears likely in April.



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

“We see signs of supply chain issues easing up, we are starting to get better information from distributors and vendors in regards to realistic delivery dates of equipment, etc.”

– 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. March 2023 index is preliminary, based on the average of February 2023 and March 2023 and will be final with April 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 March 29, 2022, and April 4, 2023. A total of 244 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.

“ Bid & RFQ activity is high. Project pipeline has increased and integration project completion would be great if processors and amplifiers were available. Bank and Credit/Finance status is stable, but costs are higher.”

- 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.