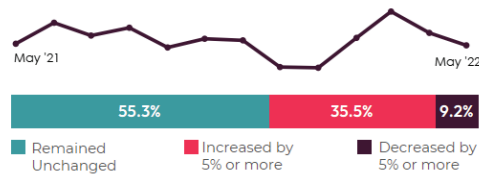


## PRO AV GROWTH RAPID, THOUGH DECELERATION CONTINUES

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.

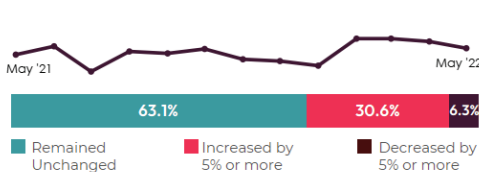
### SALES INDEX MAY 2022

63.2



### EMPLOYMENT INDEX MAY 2022

62.2



“Supply chain continues to be a problem on a few items; however, we are seeing things loosening up as we become more strategic on long-term buying with clients.”

– PROVIDER, NORTH AMERICA

## HIGHLIGHTS:

- Though there was modest deceleration, May marked another month of rapid sales expansion. Since the single-month record recorded in March (72.7), the AV Sales Index (AVI-S) has subsided to a level that would have been high but not unusually so in the pre-pandemic era. This is a rate that might be described as strong but sustainable. On the negative side, supply chains remained a top issue. This constraint was counterbalanced by many positives. One is the continued increase in in-person activity, with a chorus of cautious optimism from live events. Hybrid elements remain a driver of AV spending there. Technology improvements are also a part of the growth now, as solutions catch up to the new needs that have developed over the past couple of years.
- After Eurozone inflation numbers came in at 8.1% for the last 12 months on May 31, U.S. inflation numbers came in at 8.6% for the last 12 months on June 10. These are high numbers that pose an economic risk as central banks respond by raising interest rates to cool the economy down. The U.S. Federal Reserve has raised interest rates by 0.75% this year and the European Central Bank announced the first rate increase in 11 years to take place in July. For pro AV, this poses a risk to demand stemming from the risk of economic contraction. Pro AV prices are actually more stable than inflation. Inflation is being driven largely by fuel and food (since fuel costs are a

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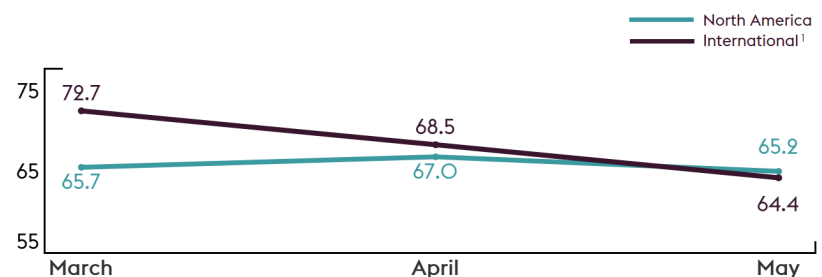
## HIGHLIGHTS: *(continued)*

substantial portion of food costs). In the U.S. housing is a driver as well. For pro AV products, none of these factors are particularly influential. We're not immune from fuel prices, but they're just not a big percentage of total cost. That's why our data shows flatter prices in our industry. Stay tuned for much more detail in our forthcoming [META report](#), which will be published the week of June 20th.

- As observed for the AVI-S, the AV Employment Index (AVI-E) decelerated modestly in May, from 64.1 to 62.2. Though the AVI-E is numerically lower than the AVI-S, it is relatively higher. Sales change more rapidly than employment does, making AVI-E numbers above 60 less common than for the AVI-S. This emphasizes the pace of AV payroll expansion we're seeing right now. The expansion is especially good news when considering the context. Right now, global labor markets are historically tight. For example, the May Employment Report in the U.S. showed the addition of 390,000 jobs against a steady 3.6% unemployment rate. This is strong enough on its own before noting that layoffs hit a record low in April and the gap between job listings and unemployed workers is at unheard-of levels. In other words, AV is having notable success recruiting despite an incredibly difficult recruiting market.

## INTERNATIONAL OUTLOOK

Last month we predicted the May numbers would drive the two regions closer. That is indeed what we observed, as the initial May shows the two regions closing to within one point.<sup>2</sup> North America is now higher than the rest of the world, breaking a nine-month streak stretching back to July 2021. Growth remains rapid in both regions. Going forward, we expect June to continue the trend of North America improving relative to the rest of the world, with fast-paced growth in both regions.



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

“Professional Quality Audio from our beamforming mics are driving the audio growth and our total solution including video cameras are great add on to the great audio demands in the meeting rooms.”

– MANUFACTURER, MIDDLE EAST

<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. May 2022 index is preliminary, based on the average of April 2022 and May 2022 and will be final with June 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 May 26, 2022, and June 2, 2022. A total of 308 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 is a decrease in activity.

“We continue to see a lot of hesitancy from our clients on returning to full in-person meetings, but they are returning on our calendar, mostly into Q4 2022 and Q1 2023. Many are hedging their bets and choosing hybrids in spite of the increased cost to them as they are serving their constituencies more completely. Some clients have chosen to remain 100% virtual since they have seen that benefit to their organizations grow over these past 24 months. With more hybrids, pre-production meetings are necessarily taking longer as there are now two meetings in one to manage.”

- RENTAL/STAGING, 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).