

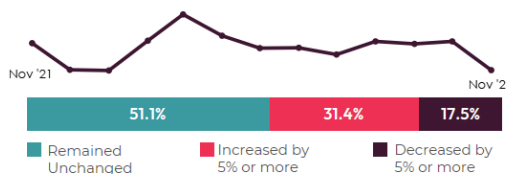
NOVEMBER DECELERATION SURPRISES

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

NOVEMBER 2022

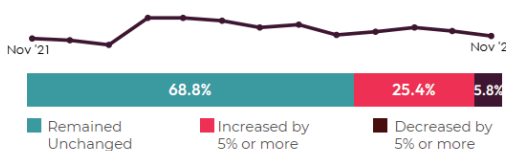
57.0



EMPLOYMENT INDEX

NOVEMBER 2022

59.8



“We are seeing a slight slow-down in live meetings-events. This is a traditional (pre-COVID) seasonal model. We are also seeing a LOT of very last-minute bookings.”

– LIVE EVENTS, NORTH AMERICA

HIGHLIGHTS:

- For months, economic concerns have centered on recession, with 4th quarter 2022 as the likely start time. Whether that has happened—and it does not yet seem true—is far too big a conversation for the business index. But the economy has softened, and AV reflects that. In November, the AV Sales Index (AVI-S) registered 57.0, down from 65.1 in October. This level remains firmly on the “growth” side of 50, but it is obviously a major deceleration from the previous month. Compared to numbers in the pre-pandemic years, the October mark would have been abnormally high though not unheard of, and the November mark would have been abnormally low though again not unheard of. Going forward, the trends are difficult to project. Usually, such large changes tend to reflect noise, and you see reversion in the following month. But it’s possible that though the observed deceleration may reflect a bit of randomness, it also reflects a trend that will continue through next month and create an even lower AVI-S. Either way, the December index will be something to watch closely.
- Much more positive than the AVI-S were the inflation numbers that came in this November. Both the US and EU got numbers that showed an easing of inflation. In the EU, November was the

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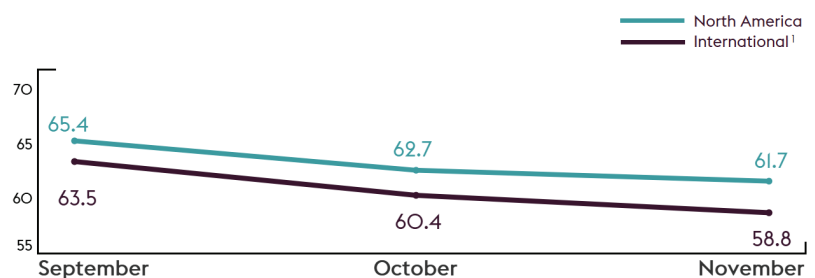
HIGHLIGHTS: *(continued)*

first time in 17 months that inflation had decelerated. In the US, the CPI showed the fourth consecutive month of deceleration, drawing the year-to-year change down from 9.1% in June to 7.7% in October. As inflation is the primary cause of recession concerns (due to central banks responding by increasing interest rates to slow spending), seeing improvement is excellent news. However, we note that, like the lower November AVI-S, it is only one month of good data. More information will be needed to give confidence that the end of significant inflation is in sight.

- We've mentioned it several times here before: Employment is a lagging indicator that moves more slowly than sales, reflecting the time needed to create a new job, search, and hire. Knowing that, we'd expect the AV Employment Index (AVI-E) not to move as much as the AVI-S. Indeed, that's exactly what we saw. While the AVI-S dropped 8.1 points, the AVI-E declined a modest 1.4 points, from 61.2 in October to 59.8 in November. Again contrasting to the AVI-S, the AVI-E's level in November is closely in line with what was normal in a pre-pandemic month. In wider employment news, US employment numbers remained strong. The economy added 268,000 jobs, and employment remained steady at 3.7%, which indicates a strong and growing labor market.

INTERNATIONAL OUTLOOK

The slowdown observed in the overall AVI-S was a global phenomenon. Because the regional sales indices are calculated as a moving average due to the sample size, they show a smoother decline and higher levels in the initial reading for November.² That said, both metrics have declined substantially in recent months, from 65.4 in September to 61.7 in November for North America, and from 63.5 in September to 58.8 in November for the Rest of the World. As predicted, the growth advantage of North America observed in recent months continued, though we expect this to close next month.



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

“We feel there are some issues of the economy influencing a stagnation in business at this time. The next 30 days will tell how badly it is affecting growth.”

– DISTRIBUTOR, 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. November 2022 index is preliminary, based on the average of October 2022 and November 2022 and will be final with December 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 November 28, 2022, and December 6, 2022. A total of 261 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.

“Continuing slow growth in the Australian Federal Government sector as well as the slight improvement in global stock shortages have seen our revenues follow an ever-increasing upward trajectory.”

- PROVIDER, 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.