

## PRO AV GROWTH OKAY AMIDST SOFT LANDING, SUPPLY ISSUE RESOLUTION

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 2023

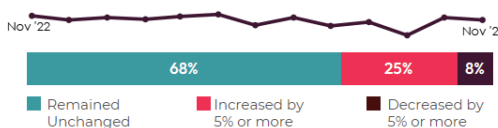
56.9



### EMPLOYMENT INDEX

NOVEMBER 2023

58.6



“Live events are swamped, and integration is moderately slow. Impacts on integration seems that the restaurants aren’t spending money on tech, hospitality are doing so but on small scales and churches remain moderately paced.”

– INTEGRATOR, NORTH AMERICA

## HIGHLIGHTS:

- The Pro AV Sales Index (AVI-S) measured 56.9 in November, down 1.9 points from the 58.8 recorded in October. Surprisingly, this is essentially flat from November 2022, when, despite the record growth recorded that year, the AVI-S came in at 57.0. Such levels are comfortably above the no-net change of 50 but below the low-60s levels pro AV has become accustomed to over the last decade. As such, we give it the descriptive label of “okay.” It can’t be seen as good when the standards have been set higher, but it’s a level many industries would love to have right now. And, as we’ve said before, all growth is good growth. Commenters highlighted positivity from the resolution of supply issues and strong revenue in live events, but more weakness in traditional integration, driven in part by a global economy that’s growing slower than normal.
- In this bullet, we cover two related phenomena: resolving supply issues in pro AV, and the “soft landing,” or inflation falling to its target level with no recession. First, the data: in pro AV, our monthly top issue tracker has seen supply difficulties fall from the top issue for 51.3% of respondents in October 2022 to just 13% of respondents in November 2023. That’s the same as the percent reporting no significant issues! On inflation, the latest U.S. number is 3.2%. The latest Eurozone number is even better, 2.4%. These economies, significantly affected by the post-pandemic inflation wave, are now within sight of the 2% target rate, both achieved without recessions. Why did inflation come down? Why was

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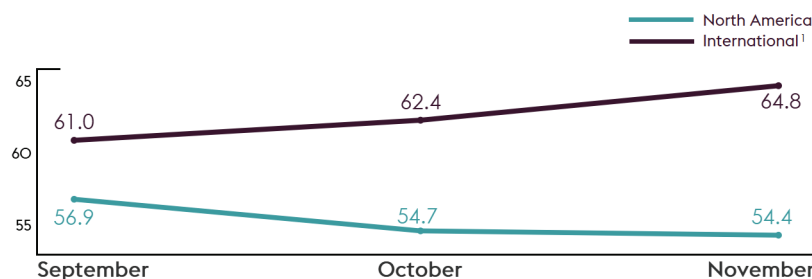
## HIGHLIGHTS: *(continued)*

a big decline in demand—a recession—not necessary? The pro AV story provides the answer by example: 2022 was a rapid transition time as the economy shifted from COVID-era patterns to post-COVID-era patterns. Suppliers could not keep up. But now the gap is closing, and, as a result, prices are starting to look normal again. With that in mind, let’s all take a moment to reflect on what good news this is! Both on the economic side, where the pain of inflation is easing without the added pain of a recession, and on the pro AV side, where the pain of supply issues is increasingly behind us!

- Interestingly, the index data aligns well with our end user-focused Market Opportunities Analysis Report (MOAR) data. (MOAR has a TON of data, but here we’re evaluating it based on the core metrics of capital expenditures, operating expenditures, and staffing levels). Comparing MOAR to the AVI-S over the last three quarters, we see that the MOAR and AVI-S both had their highest level in Q3, followed by Q2, then Q4 lowest. Always nice to see different sources aligning to the same general story!
- For the second month in a row, the AV Employment Index (AVI-E) came in stronger than the AVI-S, as the November AVI-E measured 58.6. This is a signal of continued strength in the AV labor market, likely still some small amount of catchup in hiring from the massive revenue growth in 2022. In addition, it likely reflects live events spooling back up, as the return to in-person was delayed in that segment and continues to drive significant growth. Labor market conditions in the wider economy in the U.S. were similar. The economy added 199,000 jobs, and the unemployment report ticked down a tenth to 3.7%. This is a very solid level that indicates ongoing economic health.

## INTERNATIONAL OUTLOOK

In October, we were surprised to see a major gap open up between North America and the rest of the world, with the rest of the world growing much faster. Based on the similar economic strength of the two regions, we predicted that the gap was more likely to close rather than expand. At first analysis, that prediction proves part true, part false. Due to our sample size, we report the regional numbers as moving averages of three months, so, for example, November’s number is initial and will be finalized with December’s data. Why was our prediction part true, part false? Well, it was part true for October, where the initial reading showed a 9-point gap (63.4 for rest of world vs 54.4 for North America), which closed to 7.7 point gap on final analysis (62.4 vs 54.7). On the other hand, it was part false for November, which shows a 10.4 point gap in its initial reading (64.8 vs 54.4).<sup>2</sup> Despite the early mixed returns, we reiterate our prediction of the gap closing in coming months, with strong expectations that December will show a smaller gap than November.



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

“Avalanche of equipment that is finally arriving has caused us to be extremely busy. We are having a record year.”  
**– 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. November 2023 index is preliminary, based on the average of October 2023 and November 2023 and will be final with December 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 November 1, 2023, and November 6, 2023. A total of 299 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.

“Currently holding steady but in the process of formulating plans for a large-scale AV upgrade deployment as well as being in the design phase for several new construction projects.”

- 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).