

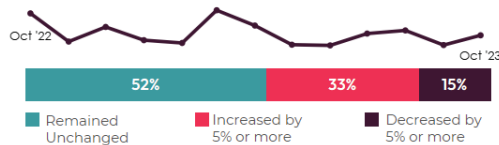
## SALES GROWTH REBOUNDS AS US GDP STUNS

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

OCTOBER 2023

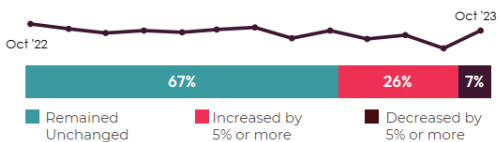
58.8



### EMPLOYMENT INDEX

OCTOBER 2023

59.3



“We are still encountering some supply chain issues as well as great difficulties in hiring qualified technicians and programmers. Increasingly, we have had to go outside the organization and contract some programming and installation contractors to complete our projects.”

– DESIGN FIRM, NORTH AMERICA

## HIGHLIGHTS:

- After a disappointing September, the October AV Sales Index (AVI-S) rebounded a few points to 58.8. This level is exactly in line with the average AVI-S this year and represents moderate growth that would be a little lower than was normal during the pre-pandemic era. As such, it should be seen as solid but unspectacular expansion. While the data is clear that supply chains are improving, comments underscore that this remains a thorn in the side of many businesses. Broader economic factors also impact businesses, with uncertainty one of the leading challenges. Most companies are caught up on hiring after a burst due to the record revenue growth in 2022. However, those still hiring this year face challenges depending on location, role, and compensation structure.
- “It’s enough to knock me over with a feather.” This was the view of a lead U.S. economist in response to the shock third-quarter U.S. GDP report, which showed an annualized rate of 4.9%. This is exceptionally high, especially in what was supposed to be a down year! Add in that the first two quarters saw rates just over 2% (a normal, healthy rate for the U.S.), and 2023 looks likely to be an overall strong year. The U.S. is not the only area with good GDP news. After China issued a \$137 billion bond

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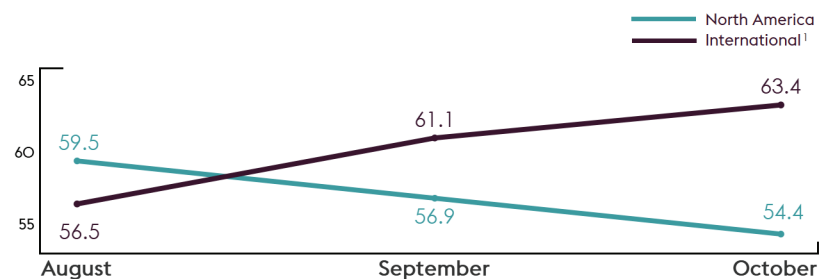
## HIGHLIGHTS: *(continued)*

issue to support local governments and bolster the economy, the IMF significantly increased their growth outlook for 2023 and 2024 (both increased by 0.4 percentage points). Uncertainty remains going forward, and there is consensus for weaker U.S. GDP growth in 2024, but these gains are a major positive for the global economy and pro AV.

- The rebound in the AV Employment Index (AVI-E) was even stronger than that in the AVI-S. The AVI-E accelerated 5.1 points from 54.2 to 59.3. That puts the AVI-E higher than the AVI-S and puts its growth rate at a level that would be perfectly normal in pre-pandemic times. By illustration, this month’s score is the exact same as the full-year average AVI-E in 2017. Such a high level may be hard to sustain in the coming months, as the AVI-E has stayed at or below 59.3 since April, and the AVI-S, while solid, suggests slower payroll expansion than the rate observed in October. A look at the U.S. economy overall reveals continued strength. The unemployment rate ticked up to 3.9%, but the increase reflects increased labor force participation rather than a slowing job market. In terms of total jobs, the economy nominally added 150,000 jobs. However, a more realistic figure is 195,000, as 45,000 jobs were temporarily off the books in October due to the UAW strike. 195,000 is a strong expansion consistent with a healthy, growing economy.

## INTERNATIONAL OUTLOOK

It’s not quite as shocking as the rapid U.S. GDP expansion, but it’s a big surprise: Growth swung rapidly toward the rest of the world in our October data update.<sup>2</sup> In September, the initial reading for North America was 58.5 and 57.2 for the rest of the world. After this update, those numbers are 56.9 and 61.1, respectively—from a 1.3-point advantage for North America to a 4.2-point deficit. In October, the initial reading for North America is 54.4 as compared to 63.4 for the rest of the world. This 9-point gap is substantial and, to restate, surprising. Predictions can be a fool’s errand, but based on the overall economic health of the two regions, it seems unlikely the gap will continue at such a level. More likely is reversion towards the mean global AVI-S level of 58.8.



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

“Continuing supply chain issues cause delay with installation and project completion. Missing items require additional labor to research replacement technology, or prevents installation and the delays tie up asset value with sitting inventory in the warehouse.”

– INTEGRATOR, APAC

<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. October 2023 index is preliminary, based on the average of September 2023 and October 2023 and will be final with November 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.

“Seems to be some uncertainty in the market, so less enquiries, those we get are subject to lower typical budgets and are fought over in an over saturated market - driving down prices. Those that then go ahead end up being subjected to delay after delay and relatively poor site management by contractors leading to unplanned revisits outside of our control and due to contact constraints these cannot then be raised as compensation events.”

- IT INTEGRATOR, EUROPE

## 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).