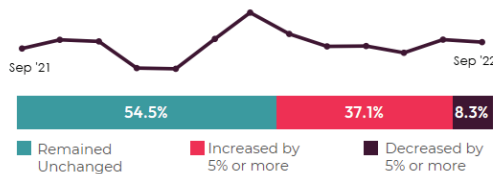


PRO AV SALES CONTINUE DEFYING ECONOMIC WEAKNESS

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.

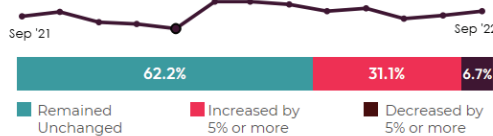
SALES INDEX SEPTEMBER 2022

64.4



EMPLOYMENT INDEX SEPTEMBER 2022

62.2



“Audio Quality Improvement achieved in challenging workspaces, through innovative Frequency Invariance and Deepsidelobe beamforming made ceiling microphone more acceptable in the market space.”

– MANUFACTURER, MEA

HIGHLIGHTS:

- The August AV Sales Index (AVI-S) of 65.1 seemed surprisingly high given intensifying economic headwinds and recent months of lower scores. We predicted a reduction. Well, technically, the September AVI-S is lower at 64.4. But the subtle, 0.7-point downshift should be seen more as a sign that the strength suggested in August is real. Pro AV continues to grow quickly, even as the overall economy wavers. The comments make it clear that returning to in-person remains a driver of spending, whether for live events, corporate office space, hospitality, or others. The slower growth observed in June and July seemed to suggest this tailwind was blowing itself out, but the additional data shows that is untrue. On the negative side, workforce difficulties and especially supply chains stood out as the biggest ongoing business challenges.
- A new factor was mentioned by a few commenters this month: exchange rates. For years, exchange rates among major currencies have been stable enough that their evolutions—even if significant over time—never stood out. That has changed. This year, major currencies have shifted dramatically, with a strengthening dollar the biggest trend. Higher interest rates instituted by the U.S. Federal Reserve Board

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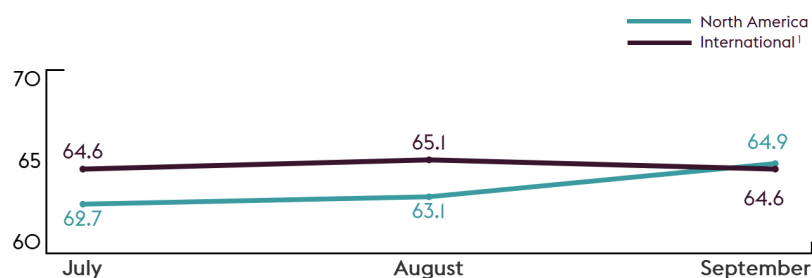
HIGHLIGHTS: *(continued)*

make dollar-dominated bonds a newly attractive saving vehicle, creating demand for USD to purchase these assets. So far this year, the dollar has strengthened roughly 15% against the Euro, 12% against the Chinese Yuan, 26% against the Japanese Yen, and 19% against the British Pound. These shifts substantially affect equipment costs. For the U.S., it makes foreign-produced products cheaper. In Japan, where the Yen has weakened so substantially, foreign-produced products are more expensive. In China and the EU, U.S. products are more expensive while Japanese ones are cheaper.

- Pro AV hiring improved again in September, as the AV Employment Index (AVI-E) accelerated from 61.0 to 62.2. This comes amidst a backdrop of serious difficulty that centers on hiring, as revealed in our [just-released Q3 META report](#). These high numbers in the AVI-E indicate continued and perhaps marginally worsening conditions for retention. In the wider economy, there are signs of deceleration amidst a still-hot market. Job openings in the U.S. dropped just over 1 million in August (the most recent release), though the level remains historically high—especially when compared to the number of available workers. The U.S. economy added 263,000 jobs in September, which is the lowest in a year but would have been high at any point in the decade leading up to the pandemic. To reiterate, the labor market is shifting, but demand for workers continues to substantially outstrip supply.

INTERNATIONAL OUTLOOK

September marked a major move towards parity of growth in our International Outlook. After the Rest of the World outpaced North America by 3.5 points in our initial reading for August, September now shows North America a slim 0.3 points ahead of the Rest of the World.² Last month we highlighted weakness in China and Europe, noting how this made the observed growth gap surprising. Perhaps the shift in these numbers reflects the frailty in those areas—though we stress that pro AV is growing strongly in all areas!



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

“We are experiencing our clients cautiously adapting strategies to return to in-person events in a post-pandemic world. Some are maintaining the audience reach gains they experienced while virtual-only (2020-2022) by mixing in-person, hybrid, and virtual-only offerings. We are well-positioned to work in each of these disciplines.”

– LIVE EVENTS, 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. September 2022 index is preliminary, based on the average of August 2022 and September 2022 and will be final with October 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 September 28, 2022, and October 6, 2022. A total of 255 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.

“Extreme lead times on key products affect 90% of our projects. The main issues are clients’ reluctance to accept extra-long project closures, projects on hold, improvisation to complete projects, and final payment on hold until finalize.”

- INTEGRATOR, LATIN 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.