

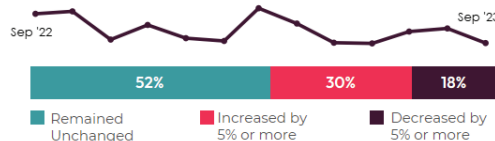
DISAPPOINTING DECELERATION FOR PRO AV

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 2023

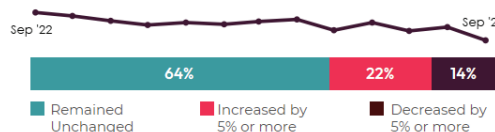
56.0



EMPLOYMENT INDEX

SEPTEMBER 2023

54.2



“Supply chain challenges, particularly with control and microphones, continue to adversely impact the ability to complete jobs efficiently. We are performing installations in multiple segments in an attempt to satisfy customers, which involves additional labor and time.”

– INTEGRATOR, NORTH AMERICA

HIGHLIGHTS:

- The September numbers from our global AV Insights Community have come in disappointingly low. On the revenue side, the AV Sales Index (AVI-S) registered 56.0, consistent with modest growth. It’s not the lowest level this year—June saw a rate of 55.9—but it is near the bottom for the year and is low compared to most non-recession periods. It’s not overly surprising to see the index at this level; as covered previously, 2023 is marked by global economic weakness. That said, the macroeconomy has avoided most recession fears, and news over the summer has been relatively positive. As a result, such a mediocre result for pro AV is a disappointment. Comments spread across a variety of challenges. Many are still held up by supply limitations. Hiring issues are common, too. Weak demand, likely stemming from the macroeconomy, was also repeatedly cited in some form or another.
- Globally, the lead diffusion index is the PMI, or Purchase Managers Index. Like our AV diffusion index, these indexes are a real-time measure of growth, where values over 50 show expansion and under show contraction. The global flavors of this index highlight economic weakness and regional unevenness. For September in the Eurozone, the composite PMI (which

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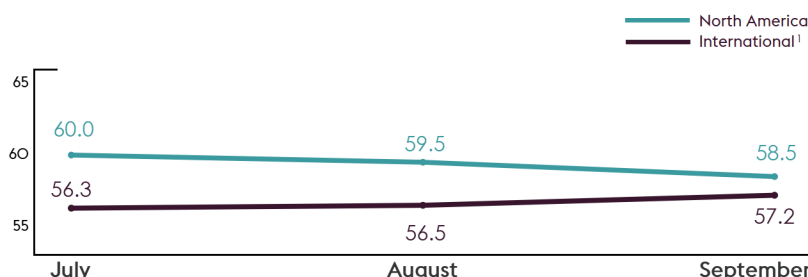
HIGHLIGHTS: *(continued)*

covers manufacturing and services) measured 47.2, indicating very modest contraction. In the US, the equivalent figure was essentially flat at 50.2; in China, it was slightly higher at 50.9. In short, a lot of mediocrity, with Europe bringing up the rear. Importantly, each of these PMIs has averaged low fifties for the last decade, which means the current low scores aren't as much of a disappointment as they would be for our industry's diffusion indexes. Still, they underscore the challenges in the current macro environment.

- Early in the year, the AV Employment Index (AVI-E) was often higher than the AVI-S. This abnormality reflected lingering staffing needs after the major runup in AV activity last year—especially amidst an exceptionally challenging hiring market. Recent months seem to indicate that AV firms are now mostly caught up. In September, the AVI-E measured 54.2, 1.8 below the AVI-S. This was the slowest hiring expansion observed since April 2021. Interestingly, the AV numbers contrasted with the US economy, where a surprising and impressive 336,000 new jobs were added. The September expansion also contrasted with previous months of US jobs data, which averaged a much more normal 200,000. The September US figure is most likely a blip rather than a trend, with AV and the wider economy both settling into slower expansion rates in line with the overall mediocre macroeconomy.

INTERNATIONAL OUTLOOK

September's initial reading for the regional outlook showed North America continue to expand more rapidly than the rest of the world.² For North America, the initial reading was 58.5, while it was 57.2 in the rest of the world. Qualitatively, these are very similar. The level of similarity might be higher than expected based on macroeconomic trends, but COVID-recovery could be bolstering non-US numbers. Europe was slightly later to resume normal economic activity than the U.S., and China was much later to end its COVID-zero policy. That could be creating more AV positivity from return to in-person in the rest of the world category than in the US, leading to more balanced AV growth despite less balanced macroeconomic conditions (though the numbers are not far from what you would expect from GDP alone).



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



“Current resellers are just purchasing less. Even though we are bringing new resellers, our oversales is still decreasing because they are just purchasing less month to month than they have over previous years.”

– 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. September 2023 index is preliminary, based on the average of August 2023 and September 2023 and will be final with October 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 September 29, 2022, and October 5, 2023. A total of 243 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.

“Positively, there are many projects on the horizon, which envisions a good balance for the end of the year. We are having problems hiring new personnel, and in the political environment of our country we continue with the worst government in our history and many security and corruption problems.”

- 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.