

FINALLY, CLEAR EMPLOYMENT GROWTH

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 data: 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 the business activity; an index of more than 50 indicates an increase, while an index less than 50 indicates a decline.



“Live event production is slow to improve. We see signs pointing to an uptick in May/June but cannot predict further than this. We are opting to NOT re-hire staff and use sub-contractors for the majority of our work.”

– LIVE EVENTS, NORTH AMERICA

HIGHLIGHTS:

- Strong growth continued in April, as the AV sales index (AVI-S) measured 59.2. This is a slight deceleration from March, a result we anticipated since the growth rate observed in March was so much faster than the one in February. Despite the slight deceleration, April still shows strong growth on par with the pre-pandemic era. Casting an eye towards the future, we continue to see the solid growth of the spring as setting the stage for faster growth over the summer and into the fall as people resume more and more normal economic activity. COVID-19 was the most common factor cited by respondents, with 35 of 192 open-ended responses on business factors beginning with some form of the word “COVID”. That said, especially in the U.S., responses mentioning COVID-19 contained a grain of optimism about increased spending as the pandemic’s threat subsides. Supply chain issues were another threat, including as a result of the global chip shortage.
- The initial measurement of first-quarter GDP growth in the U.S. showed an immensely strong 6.4% annual rate of increase. This is an acceleration from the growth observed in the 4th quarter of 2020. Fast growth is likely to continue in the second quarter, fueled by the massive expansion of vaccine availability that has been seen since March.
- First-quarter GDP growth in China showed more mixed results. Its year-to-year growth comparing Q1 of 2021 to Q1 of

Continued on next page.

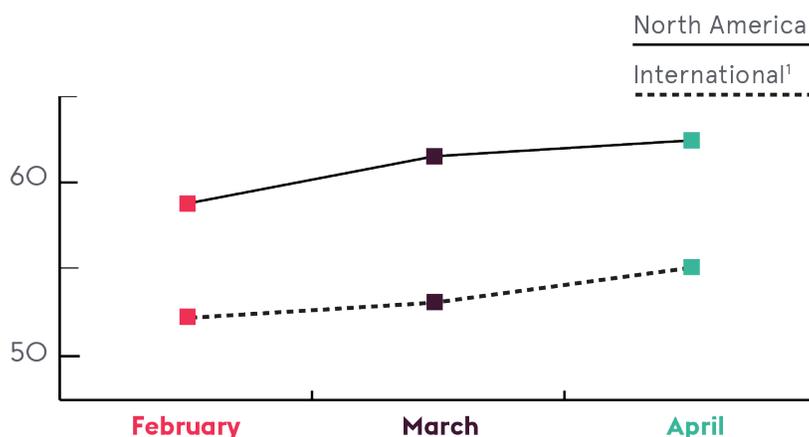
HIGHLIGHTS: *(continued)*

2020 showed a record 18.3% increase, but this more a reflection of the severity of conditions last year. When comparing 2021 Q1 to 2020 Q4, the growth looks more tepid, with only a 0.6% increase (2.4% annualized), lower than the roughly 2% expected.

- EU growth was most disappointing of all, as the eurozone economy contracted 0.6% in the first quarter. In Europe, the slow vaccine rollout allowed a more prolonged winter wave of COVID-19 and spurred more extensive lockdown measures. The good news for the rest of the year is that case counts have subsided, vaccination rates are finally accelerating, and economists remain confident for a strong second-half recovery.
- Finally, the AV employment index (AVI-E) recorded a month of meaningful increase, measuring 57.2 in April. While it marks the sixth consecutive month of payroll expansion, it is the first one that was more than a couple points above the no-net growth mark of 50. Despite the observed growth, many commenters highlighted caution around hiring. For now, lingering uncertainty is motivating companies with growing sales to ask more of their existing teams or turning to temporary staffing solutions rather than taking the plunge on new hires. Once confidence builds, we expect to see the AVI-E consistently above 60. U.S. employment numbers sketched a contrast with the AVI-E, as job growth was disappointingly low at just 266,000—down from 770,000 in March.

INTERNATIONAL OUTLOOK

With back-to-back months of solid growth, the initial moving average reading for both the North America and International regions increased in April.² As we predicted last month, the international side continued to lag behind North America, a trend that will continue until the rest of the world can make up ground on vaccinations. That said, we do have optimism about accelerating international growth. In the key European market, case counts have subsided and lockdowns have relaxed, giving optimism for major sales accelerations in the coming months.



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

“COVID-19 continues to disrupt the supply chain and influence all business decisions. Though, employment is on the rise again as we are starting to get back to pre-pandemic employment conditions.”
– MANUFACTURER, 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. April 2021 index is preliminary, based on the average of March 2021 and April 2021 and will be final with May 2021 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 April 28, 2021, and May 5, 2021. A total of 354 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, with the monthly score 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, while a score lower than 50 indicates a decrease in activity. Any score higher than 50 indicates an increase in activity.

“AV work is up, as all the facilities and IT teams realize that folks will be back in-office soon (hopefully!), and this is the perfect time to get upgrades, refreshes, and new builds taken care of – after the new budget money is released but while folks are still out so disruption will be minimized. Employment will be going up soon(ish) as we have a few job reqs in the pipeline, but no one has been hired yet, and our hiring process is interminable.”

– 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.