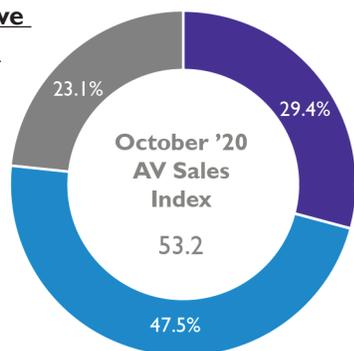


## October Shows More Signs of Recovery

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 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.

**Compared with the previous month, have the billings/sales at your location...**

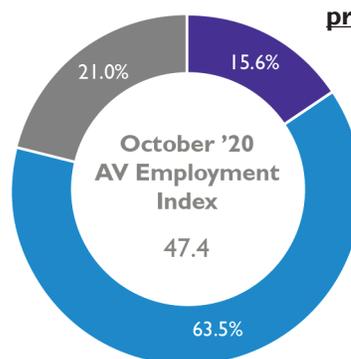
N-160



- Sales increased significantly (5% or more)
- Sales remained unchanged
- Sales decreased significantly (5% or more)

**Compared with the previous month, is the overall employment at your location...**

N-167



- Employment increased significantly (5% or more)
- Employment remained unchanged
- Employment decreased significantly (5% or more)

## Highlights:

- Against a complicated backdrop of GDP recovery and additional viral waves, global AV sales growth accelerated in October. Expansion remained slow as the AV Sales Index (AVI-S) increased 1.9 points from 51.3 to 53.2. Commenters identified a variety of reasons for business change. In the U.S., many commenters pointed to election uncertainty. The COVID-19 situation was naturally a major factor for many respondents, pushing AV revenues up in some regions and down in others. While some are suffering due to rising viral waves, improving conditions in places such as Australia were actually helping business.
- The U.S. and the EU released their respective preliminary third quarter GDP numbers in October, both of which showed historic growth – though not enough to offset the even more historic contraction. The EU and the U.S. are now both within a percent or two of their 2020 Q1 GDP levels, but these levels were already

down several percent from levels at the end of 2019. Both regions remain on track for final GDP recovery in 2022 (though the EU is more uncertain for now). This aligns with pro AV, which is also on track to recover its 2019 revenue levels in 2022.

- China released its third quarter GDP numbers in October, though the story there could hardly be more different from the U.S. and EU. A strong (though slightly below expectations) third quarter means China's GDP is actually up 0.7% from the start of the year. Two factors are driving China's positive numbers: First, near-zero community spread of COVID-19, enabling near-normal economic activity. Second, China was affected by the virus earlier than other regions. Since the country suffered its historic GDP hit in Q1, it is now two quarters into recovery. These positive macroeconomic numbers give strength to our IOTA projection of a 2021 recovery for pro AV revenue in China.
- While the AVI-S and GDP numbers both showed growth, employment numbers show a more mixed bag. In October, the AV employment index (AVI-E) showed a small amount of contraction, measuring 2.6 points below the no-net change mark of 50. Looking at the profile of individual responses that compose the single AVI-E number, the percent reporting no change ticked up again, reaching a level just shy of the payroll stability observed in February. Thus, while the index suggests some contraction, observers should understand that payroll volatility is declining and staffing levels are stabilizing. For the wider economy, the October U.S. jobs report offered a pair of positive indicators: unemployment declined one percentage point to 6.9% and labor force participation increased 0.3% to 61.7%.

*"We are still seeing slow growth from our clients. They are starting to rebound but the latest resurgence in COVID-19 in our largest states have, once again, paused that growth. New requirements in COVID-19 protection have also slowed our return to our offices. I believe most still work from home."*

– Integrator, North America

*"Further relaxation of border restrictions within Australia is enabling us to conduct our project work more rapidly by allowing us to relocate installers/commissioners without the requirement for 14 days isolation when crossing state lines."*

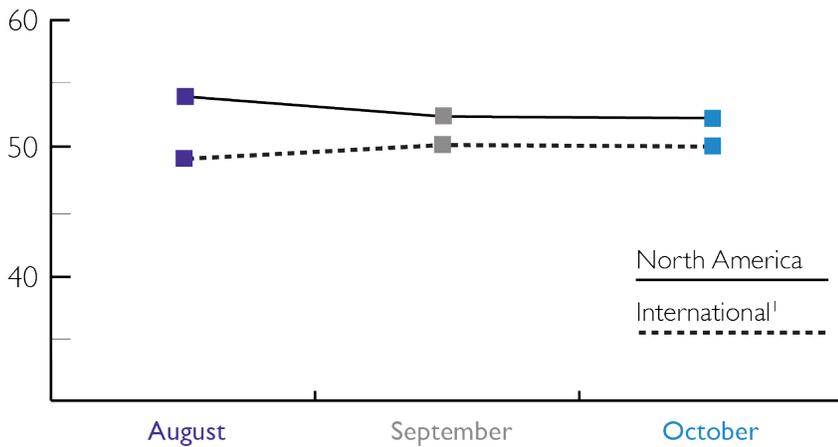
– AV Provider, APAC

*"In Maritime Canada, the Atlantic bubble has served us well in reopening the economy safely and confidently. Business shows signs of getting back to normal but it will take some time to build the book of business back up to where it was in February 2020."*

– AV Provider, North America

## International Outlook

The latest regional sales numbers tell us that growth was shared between North America and the rest of the world as both areas' sales indexes were above the non-net change level of 50<sup>2</sup>. Conditions remained more positive in North America where the regional index scored 53.2 in its preliminary October read. The international score of 50.6 is flat by comparison, given its nearness to 50. Neither region's pace of change was meaningfully different than in September. North America's growth was a scant 0.5 points up while the international number was an even scancer 0.2 down.



<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 2020 index is preliminary, based on the average of September 2020 and October 2020 and will be final with November 2020 data in the next report.

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

## Methodology

The survey behind the AVIXA Pro-AV Business Index was fielded to 2,000 members of the AVIXA Insights Community between October 28, 2020 and November 3, 2020. A total of 316 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.

## 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](http://avip.avixa.org).