

Pro-AV Business Index

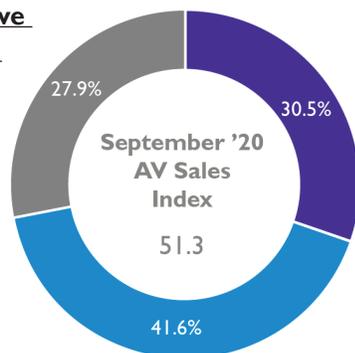
Released September 2020

A Trickle of 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 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...

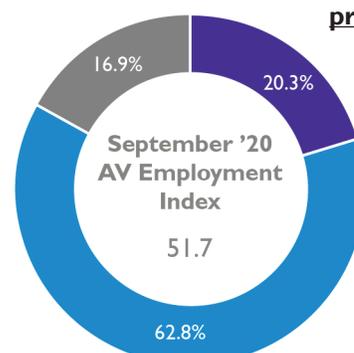
N-215



- 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-207



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

Highlights:

- Global growth continued at a snail's pace in September, as the AV sales index (AVI-S) measured 51.3. The data on this month's index serves as reminder of the complexity involved in the global economy. The international nature of the AV community means that even as some areas gain ground against COVID-19, others are often losing it. The comments this month also highlight the growing influence of economic troubles. Optimism for recovery from COVID-19 may grow, but potential AV buyers face financial difficulties and are cautious about investments. Another headwind is equipment: USB cameras and streaming hardware are available, but require increased lead time to acquire.
- The specter of a second wave of lockdowns has increased this past month. Much of Western Europe is experiencing an increase in COVID-19 cases, which has spurred growing restrictions on business and consumer activity. As of this writing, Madrid is unfortunately once again on lockdown, and parts of France and the Netherlands are facing restrictions

similar to those implemented in the spring. Business leaders must note that government restrictions are not the only way COVID-19 hurts the economy. Consumers respond to their perceived risk irrespective of what is legal. For example, expect rising case counts in the U.S. Midwest to slow that region's recovery.

- As an optimistic illustration of what is still possible when COVID-19 is well controlled, InfoComm Beijing took place in person from September 28 to 30. The trade show drew more than 30,000 attendees, about 75% of the 2019 attendance — a remarkably strong showing given the context. 2020 has been a brutal year for live events and it's easy to lose hope, but this event shows that demand to gather for shared group experiences remains strong. When the virus is controlled, live events will come roaring back.
- Data on projects and recovery shows a divergent picture of recovery for the AV community. In September, 32.4% of AV providers reported that the bulk of their projects had resumed — up substantially from 8.8% in early July. However, expectations for a full recovery have worsened. In July, 37.0% thought it would take at least until the second half of 2021 for revenues to get back to their 2019 level. Now 44.0% of providers expect it will take that long.

- The AV employment index (AVI-E) ticked up slightly to 51.7 this month amid mixed signs on economy-wide employment. As it is greater than 50, the AVI-E mark means that AV payrolls expanded slightly in September. Payroll expansion is arguably a more positive indicator than month-to-month sales as companies only add jobs when they anticipate a durable expansion of demand, while sales may bounce around significantly during an uncertain climate. In the macroeconomy, employment showed a continuation of previously cited trends: the U.S. unemployment rate continued to decline while initial jobless claims remained stubbornly high. While the improving unemployment rate is encouraging, many signs point to slowing momentum. Factors such as economic stimulus, the U.S. election, and the pandemic make ironclad prediction impossible, but don't be surprised if the unemployment rate stalls out or even climbs again before the end of the year.

“Optimism about future business prospects continues to grow. However, some of our partners continue to struggle to bring in the revenue necessary to keep their companies afloat.”

– Manufacturer, North America

“We have finally hit our stride, or our clients have finally come to peace, with streaming events. We are also benefitting from the gradual easing of attendance restrictions at live sporting events. We're still seeing decisions being made very late in the process, leading to higher costs.”

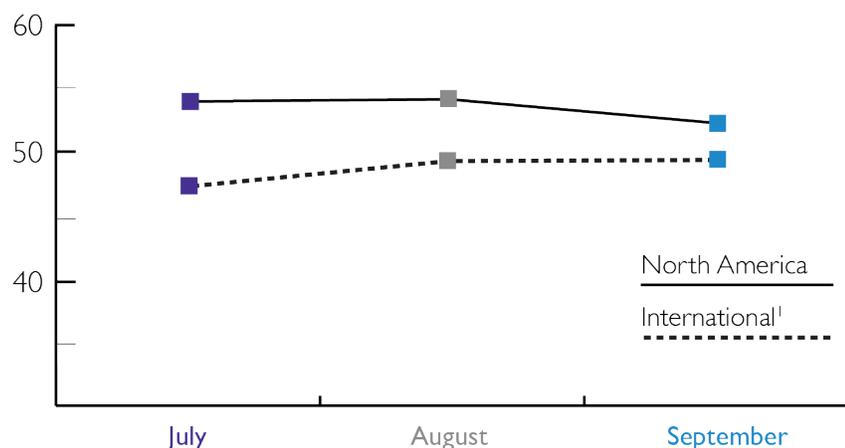
– Live Events Provider, North America

“Health and safety measures are prohibiting workers from going back to the office, but there is a need for more collaboration rooms for remote meetings.”

– End User, North America

International Outlook

The international billings index approximately reached the no-net change mark of 50 in September, with the month's preliminary moving-average reading coming in at 49.8.² This further closed the gap to North America, which is now on a streak of three months of modest growth. Given the expanding second COVID-19 wave in Europe, there is skepticism surrounding whether this convergence trend will continue. For now, it looks likely that the international side may retreat slightly from this month's neutral score.



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 2020 index is preliminary, based on the average of August 2020 and September 2020 and will be final with October 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 September 28, 2020 and October 5, 2020. A total of 371 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.