

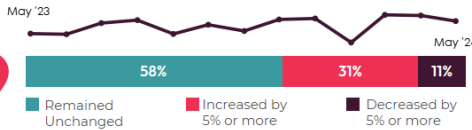
STEADY ON FOR PRO AV IN MAY

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

MAY 2024

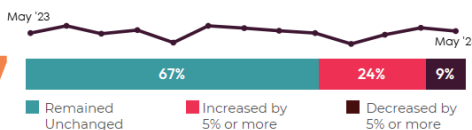
59.9



EMPLOYMENT INDEX

MAY 2024

57.7



“We are finally caught up on delayed projects, which were delayed by projects prior to them (which were themselves delayed by the supply chain). In short, we are now able to consult, propose, procure, install, commission and deliver in a standard time as we could prior to the supply chain delay. The dominoes have all fallen into place after 2 years!”

– END USER, NORTH AMERICA

HIGHLIGHTS:

- The May reading of the AV Sales Index (AVI-S) reinforced the narrative of pro AV growing steadily at a moderate pace. Specifically, it measured 59.9, which is 1.7 points down from the April result but right in line with the average for the year so far (59.5). When compared to pre-pandemic norms, this level is low, but not unusually so. For example, 2017 averaged 60.6 on the year. Commenters noted a variety of factors, with seasonality for events a common callout. The fallout from supply issues was again noted repeatedly, though generally in a positive light. Many companies are either rebalanced or in the final steps to rebalance after the major issues during the pandemic recovery. In some cases, this can harm revenue since an ongoing backlog means continuing business. But overall, it’s a major positive to be able to choose products based on needs rather than availability and turn around projects in predictable timelines.
- In April, we highlighted the disappointing news that updated GDP numbers had the Eurozone in a “technical recession” (back-to-back quarters of GDP contraction) in the second half of 2023. But highlighting the curious, worker-centric nature of the post-COVID economy, the most recent employment numbers show the Eurozone at record low

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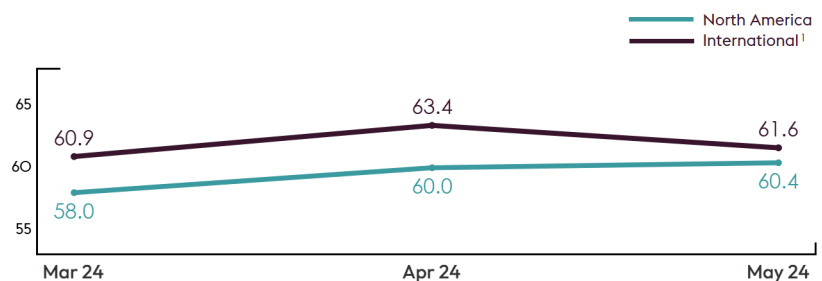
HIGHLIGHTS: *(continued)*

unemployment. To stress, this is an exceptionally odd combination. But: It's good news for pro AV! For one, it means the European economy, though challenged, still has significant health. And, because so much of pro AV spending comes from consumer-centric markets—Hospitality, Retail, Venues and Events, etc.—our industry benefits from a strong general labor market. In sum, Europe has clear good news to counterbalance its disappointing recent GDP news.

- AV employment had a similar result to sales in May. The index (AVI-E) ticked down one point from 58.7 to 57.7, a level that indicates solid but unspectacular expansion. The AVI-S being higher is normal for pro AV. Interestingly, after last year, when the AVI-E was abnormally similar to the AVI-S (due to the need for payrolls to catch up with the rapid growth of revenue in 2022), it seems like this year might have an abnormally large gap between the AVI-S and AVI-E. Even if true, the AV employment market is clearly healthy. That aligns with the wider labor market: Not only is there the aforementioned low unemployment in the Eurozone, there's also continuing good news for the US. The just-released May unemployment report revealed the addition of 270,000 new jobs, well above expectations of 190,000. The one blemish is that unemployment ticked up a tenth of a percent from 3.9 to 4.0%. Overall, the labor market continues to be a strong point of the global macroeconomy.

INTERNATIONAL OUTLOOK

Expectations of a closing gap between North America and the Rest of the World have finally been realized.² The Rest of the World retains a growth advantage, but it's now just 1.2 percentage points, with 61.6 vs. 60.4 for North America. That's down from a max gap of 12.7 in December 2023. Going forward, we expect similar numbers to the current levels. It would be unsurprising to see North America take the growth lead in June, and it would be equally unsurprising to see the Rest of the World edge a little farther ahead.



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



“May just frickin’ exploded with Live Events production business! Mostly university commencements and corporate all-hands events. Revenue will be 3x the prior month.”

– RENTAL/STAGING, 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. May 2024 index is preliminary, based on the average of April 2024 and May 2024 and will be final with June 2024 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 May 28, 2024, and June 4, 2024. A total of 304 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.

“Too many construction jobs got delayed from 2022 - 2023 and the 2024 - 2025 jobs are all moving forward because we had a very mild winter so construction projects were able to keep working far longer than usual. We’re now crunched in the middle of far too many jobs and not enough install techs. Our sales team is working as installers, and we have a disaster pending for future work, as there isn’t any lined up past mid-2025.”

- AV INTEGRATOR, 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.