

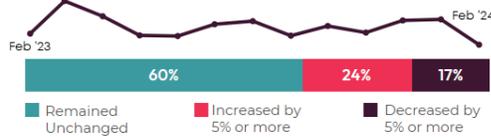
FEBRUARY PRO AV GROWTH DISAPPOINTS

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

FEBRUARY 2024

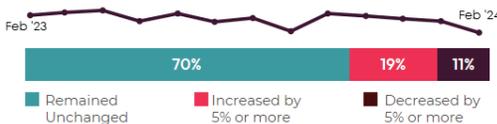
53.4



EMPLOYMENT INDEX

FEBRUARY 2024

53.8



“Supply chain delays are easing but continue to affect consolidated inventory required to complete installation. Optional technical solutions that are applicable have been incorporated and remaining issues include availability of loudspeakers, amplifiers, and AV system control hardware.”

– AV INTEGRATOR, APAC

HIGHLIGHTS:

- After a positive start to 2024, the February Pro AV Business Sales Index (AVI-S) delivered disappointing news. Growth continued, but the level—53.4—represents the slowest rate since January 2021. This is 7.3 points lower than the January mark. The underlying data for the AVI-S reflects three categories of responses about month-to-month revenue change: increase, no change, and decrease. What stands out about this slow growth result is that it reflects an exceptionally high level of respondents reporting no change, at 59.7%. By comparison, in January 2021 when the AVI-S was 52.0, the percentage of respondent reporting no change was just 48.5%. In fact, the 59.7% no change figure the second highest ever no change level in the 7-year history of the index. So the current low growth figure represents stability more than negativity. Unsurprisingly, comments were a mixed bag: some disappointment over slow growth, some happy with good growth, and a lot saying not much changed. Two areas of consensus were improving supply and that hiring is not easy (though relatively few companies are seeking new workers).
- Entering 2023, there were strong fears of a widespread recession, especially in Europe. Thankfully, those fears were largely avoided. GDP even grew strongly in the U.S. But unfortunately,

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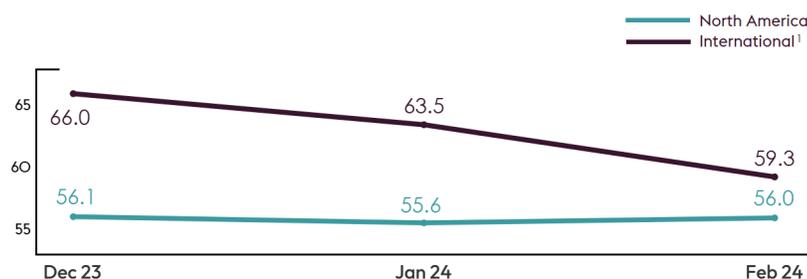
HIGHLIGHTS: *(continued)*

recession does appear to have hit some economies. The Bundesbank announced in February that Germany was likely in recession, and Britain recorded back-to-back quarters of GDP contraction to close out 2023. Initial numbers suggested Japan had also recorded back-to-back GDP contractions in 2023, though subsequent revisions contradicted the early reports. The news isn't excessively negative: There is no global recession, and the UK already appears to be growing comfortably again. But this economic weakness can't be ignored when we assess the state of AV and wonder why the AVI-S showed such slow growth in February.

- The AVI-S and the AVI-E (the AV Employment Index) rarely diverge too far, so it's unsurprising to see the AVI-E also come in low. The February mark of 53.8 is not quite as much of an outlier as the AVI-S (it's only 3.3 points lower than the January mark, less than half the drop of the AVI-E), but it's still the lowest figure since early 2021. The weakness in pro AV job gains is a contrast to the wider economy, where labor markets continue to be a bright spot. In the U.S., the latest BLS report showed an increase of 275,000 jobs in February, a mark that is ahead of both pre-pandemic norms and also many other months in the past year. Wages also increased 4.3% year-on-year, faster than inflation. It will be interesting to watch how recession pressures in Britain and Germany percolate out through the rest of the world and through the labor market.

INTERNATIONAL OUTLOOK

The initial readings for our international outlook show that the deceleration in growth was largely product of the Rest of the World rather than North America.² The most surprising aspect of the slowdown in Rest of the World growth is not the slower level it's at now, but rather the sustained high levels it achieved earlier. Given economic weakness outside the U.S.—especially Europe and within Europe especially Britain and Germany—we have long expected the regions would converge on a slower growth rate. Both regions are now in the 50s, with a pronounced downward trend for the Rest of the World.



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

“As with last month, new year budgets being released to complete new year capital projects. Staff stagnation due to the extreme slowness of the recruitment and hiring process here.”

– END USER, 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. February 2024 index is preliminary, based on the average of January 2024 and February 2024 and will be final with March 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 as well as many members of the ISE mailing list between February 27, 2023, and March 7, 2024. A total of 299 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.

“Improving enquiry pipeline and getting returns from many previously issued proposals, but we’re talking about a bitty profile of projects, each with minimal scope and costs cut back, etc. Also, everyone has to be reposted many times and clients want more paperwork completed, so all in all takes more effort to deliver....”

- IT INTEGRATOR, EUROPE

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.