

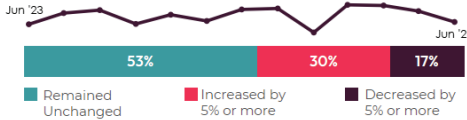
PRO AV GROWTH MODERATES IN JUNE

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

JUNE 2024

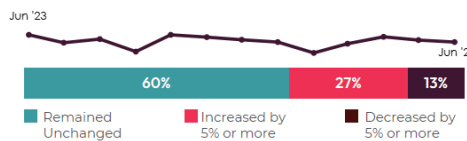
56.6



EMPLOYMENT INDEX

JUNE 2024

57.1



“Supply chain deliveries have improved. Clients are willing to review and approve projects. Seasonal purchase orders have been received. Demand for technology and services has grown with customer willingness to invest in upgrades and new development.”

– AV INTEGRATOR, APAC

HIGHLIGHTS:

- The June index is not bad news, but it is a disappointing result. Growth continued at a moderate rate, as the AV Sales Index (AVI-S) measured 56.6—so it can't be bad news. But it's disappointing because recent months have been higher, staying around 60. For example, the June result is down 3.3 points from the May AVI-S. Comments cited a variety of causative factors behind the movements their businesses experienced. For some, seasonal factors were critical. For others, it was supply issues, skewing toward positive news as those challenges eased. Randomness was also cited: For the small companies that compose so much of our industry, it's normal for months to jump up and down by meaningful amounts. In sum, there wasn't a clear reason why the numbers were softer this month. That gives confidence for reversion to the mean next month, a result closer to the 60 that has been normal in recent months.
- The stock market is often given more weight as an economic indicator than it truly deserves. That said, it does matter: It affects consumer and business confidence, and it also influences businesses' ability to invest (higher valuation means more ability to finance capital expenditures). And the stock markets skew positive these days. U.S. stock performance is particularly strong, with the S&P 500 regularly setting new record highs in the last month. International stocks have also hit record highs recently, with the STOXX 600

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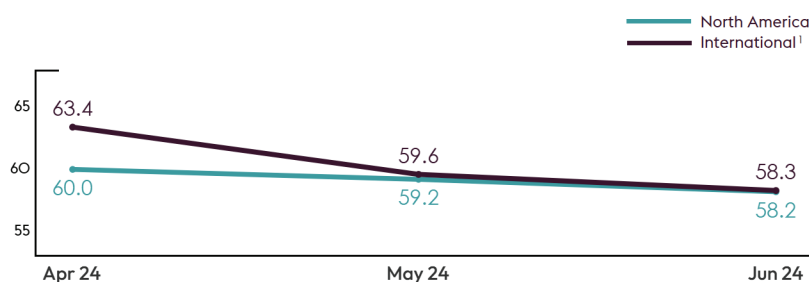
HIGHLIGHTS: *(continued)*

hitting records in May. Asia stock indexes are more mixed, but this year, the Nikkei 225 finally surpassed the 1990s record level, with the most recent record set in July. For pro AV, these numbers are more background/foundational rather than direct drivers of spend. But they indicate the strength of the current economy and indicate positive news for the pipeline in coming months—and even years for major projects started on the current money wave.

- The AV Employment Index (AVI-E) outperformed the AVI-S in June. It stayed nearly steady from May to June, downshifting just 0.6 points from 57.7 to 57.1. This is good news for pro AV and further evidence that the disappointing AVI-S isn't a concerning sign of significant weakness. In the wider economy, the labor market remains tight, with relatively few available workers for the open jobs. One point of emphasis on the current labor market: There is very low churn right now. This is likely a consequence of the high-turnover pandemic recovery period that saw many workers quit to find better jobs. Now they're steady-on in their new(ish) roles. To share the topline numbers from the latest U.S. report, payrolls added another 206,000 jobs in June. This is another month of strong growth. The one fly in the ointment is the unemployment rate. At 4.1%, it's still low. But it has climbed meaningfully from a bottom of 3.4% in April 2023. The accumulation of small increases is causing a tiny bit of concern in the macroeconomic community, increasing pressure on the Federal Reserve Board to finally transition to lower interest rates (which will likely happen in September).

INTERNATIONAL OUTLOOK

Expectations of similarity have been met in our regional breakdown of the AVI-S. For the initial reading, North America is at 58.2 and the Rest of the World is at 58.3.² This parity is very similar to the finalized reading for May, which saw North America at 59.2 and the Rest of the World at 59.6. That said, it's unusual compared to the last 10 months. The Rest of the World has had a substantial gap since September 2023, peaking at 12.7 points in November. Going forward, we see a very good chance that North America takes the lead in growth next month. Both regions should maintain solid growth no matter which is ahead.



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

“In higher ed we are currently in a summer break; we get busy doing classroom-preventive maintenance. We also use this time to train our student workers on supporting all our AV systems across campus.”

– 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. June 2024 index is preliminary, based on the average of May 2024 and June 2024 and will be final with July 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 June 29, 2024, and July 8, 2024. A total of 285 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.

“We are still a small company, so revenue fluctuations are going to have higher percentages compared to larger companies. We are actively expanding the team with bringing a Part-Time worker to Full-Time and have an open Full-Time position we are trying to fill now. Though sales are down, compared to last month, we don’t see this as a downturn.”

- AV PROVIDER, 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.