

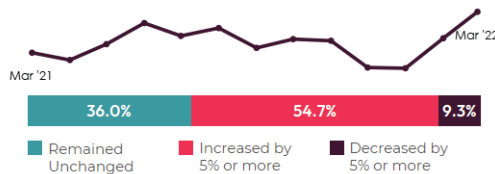
RECORD GROWTH AS PRO AV SHRUGS OFF SUPPLY DIFFICULTIES

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

MARCH 2022

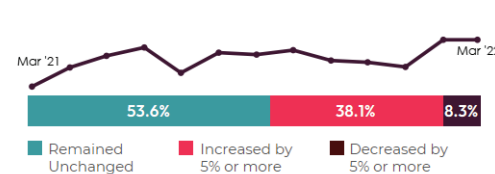
72.7



EMPLOYMENT INDEX

MARCH 2022

64.9



“Inability to procure certain items means AV projects cannot be completed, so projects are on pause until the backlog is cleared (offending items include control processors and DSPs).”

– END USER, EUROPE

HIGHLIGHTS:

- No supply, no problem? As many supply challenges as our industry is facing—91% of respondents report facing at least some supply delays—growth in AV sales reached a record in March! The AV Sales Index (AVI-S) measured 72.7, up 7.4 points from February, up 3.1 points from the pandemic recovery record of 69.6 (in June 2021), and up 1.1 points from the all-time record of 71.6 (in March 2017). A truly remarkable month of growth! Driving the record is the recovery from the pandemic, especially with many countries sunseting restrictions and moving towards an endemic COVID-19 approach. Commenters are clear, though, that growth faces its own restrictions, primarily supply difficulties. Given the complexity and importance of the ongoing supply difficulties, AVIXA is making it the subject of our next economic deep dive, the second quarter Macroeconomic Trends Analysis (META) report. Hiring is a secondary brake on growth, since labor market tightness has now reached pro AV.
- The pandemic has massively evolved since the start of 2022 and is worth a close look. Since the pandemic became a global phenomenon in early Spring 2020, global daily deaths have been at our above 5000 for two years straight. That has since changed. Those rates dropped below 5000 per day in the last week of March and below 4000 per day in the first week of April. Risks remain—future variants, China’s COVID-zero policy, seasonal factors—but things are now by far the most optimistic since the pandemic began. There are so

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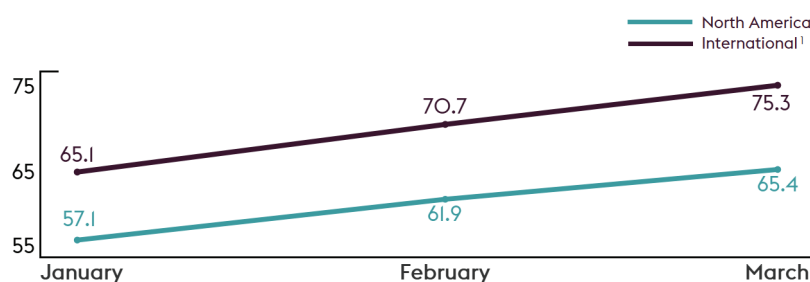
HIGHLIGHTS: *(continued)*

many reasons to be pleased about the improvement in these numbers! From the pro AV perspective, we spotlight the experience economy. So much of pro AV is in-person-centric: live events, hospitality, entertainment, etc. These sources of revenue, employment, and joy have been greatly affected and reduced for two years. Their recovery has never been closer than it is today!

- The labor market—both inside and outside of pro AV—is extremely strong. Within our industry, the AV Employment Index (AVI-E) marked another month of strong growth. The March reading was 64.9, just as we saw in February. That this AVI-E number is substantially below the AVI-S number of 72.7 should not take away from how strongly positive an indicator it is. Employment changes more slowly than sales, resulting in numbers closer to the no-net change level of 50. That context is why 64.9 is actually near-record employment expansion. Such expansion is even more positive when comments make it clear that one reason it’s not higher is because hiring isn’t that easy right now. U.S. employment numbers help show why. In March, the U.S. economy added 431,000 jobs, extending a streak of 11 months over 400,000 new jobs per month. Labor force participation climbed in March, and unemployment fell. In sum, people are rejoining the labor force, and companies are soaking them up as fast as possible. Supply is growing, but demand is growing more quickly. That makes for a tough hiring market. That said, while it is a challenge, it is also a sign of the positive strength of the current recovery.

INTERNATIONAL OUTLOOK

The acceleration in growth was truly a global phenomenon in March, as North America and the rest of the world saw their respective regional AVI-S marks increase substantially.² North American growth is now at 65.4, while the rest of world growth has reached a blistering 75.3. That figure is 4.6 points beyond the February rest of the world figure, which was already an all-time record. And, as much acceleration as we have seen so far, our best guess is that the acceleration will continue—though perhaps only modestly 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.

“Supply chain continues to be a major challenge. Employee compensation expectations are also becoming an area of concern. The business climate we operate in is very challenging, but there seems to be a consistent message that your job is worth more than you are being paid.”

– INTEGRATOR, 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. March 2022 index is preliminary, based on the average of February 2022 and March 2022 and will be final with April 2022 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 February 25, 2022, and March 7, 2022. A total of 297 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. 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 aggregate are reporting an increase in activity that month compared to the previous month. In contrast, a score lower than 50 a decrease in activity.

“Supply chain issues add a lot of labor to every job. It doesn’t seem like we are losing projects because of it, but after proposals get accepted, we have to do a lot of work we do not usually need to do. Checking with manufacturers-distributors about ETAs, finding replacement product, scheduling installations in phases instead of completing them in one go, etc.”

- LIVE EVENTS, 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.