

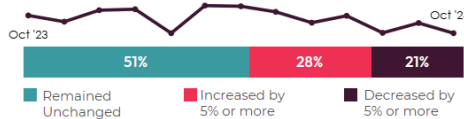
A SLOWDOWN IN PRO AV EXPANSION

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

OCTOBER 2024

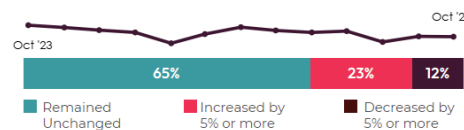
53.4



EMPLOYMENT INDEX

OCTOBER 2024

55.8



“New standards have been a significant issue. We are attempting to implement these new standards, getting stakeholders and vendors on board and the same page. We want to bring the highest quality service to our faculty, and adopting these standards is tantamount to the proactive technical services our department offers to our campus. Pricing does affect buy-in, but not as much as the core acceptance around campus that we are here to help.”

– END USER, NORTH AMERICA

HIGHLIGHTS:

- October continues a frankly disappointing year in the pro AV business index. At 53.4, October’s result ties the lowest for the year so far, equaling the 53.4 of February (also nearly equaling the 53.5 of August). Under the topline result, October’s number is slightly different from the two months with such similar numbers in that it is a result less of people reporting “no change” and more of people reporting “decrease.” It’s the highest percent reporting “decrease” since January 2021—a stretch of 44 months. While that sounds negative—and it certainly isn’t great—it should be noted that the “decrease” reports were counterbalanced by a meaningful percent of “increase” reports. For example, more respondents reported “increase” than last month, when the index scored 3.1 points higher (56.5). So there were pros and cons under the hood of the low October result.
- You might be wondering if the high proportion of “decrease” reports is a smoking gun suggesting an underlying issue. A read of the open-ended explanations of company business results rejects this hypothesis. Rather than a consistent stream of negativity around one or two issues—recession, price point, threat of IT, etc.—the comments were mundane. Some companies had contraction due to seasonal effects. Some saw declines due to bad luck; for example, no good deals closed this month despite being generally busy and having a good pipeline. This doesn’t assuage the disappointment of the continued mediocre growth shown in our index, but it does allay fears of an impending downturn.

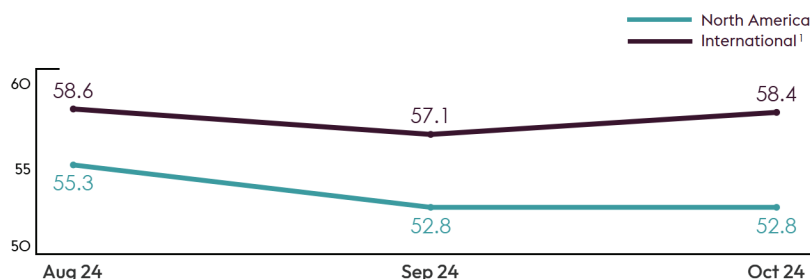
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HIGHLIGHTS: *(continued)*

- The U.S. election results were finalized in the first month of November (after the survey results were in), with former President Donald Trump regaining office. Generally speaking, while presidential transitions have a major emotional impact (for example, they lead to dramatic shifts in consumer sentiment for party adherents of the winner and loser), they have little economic impact—and less for pro AV. The one asterisk this time is President-elect Trump’s threats of tariffs. This deserves close monitoring in the coming months: Tariffs and a possible trade war could be quite disruptive to pro AV. Stay tuned for more.
- Unlike the AVI-S, the AVI-E was essentially flat from September, falling just 0.1 to 55.8. This is a low-ish result for the year, 3 points lower than the highest AVI-E and 2 points higher than the lowest AVI-E. This gives a bit more confidence to our previous conclusion that the AVI-S, while disappointing, does not presage a significant downturn. Hiring is a lagging indicator, since business take time to conceptualize, budget for, and hire new positions (or decide on and implement layoffs for that matter), but it is also a more reliable indicator in that it’s less prone to random shifts. Wider employment news was somewhat less positive: The U.S. October employment report showed just 12,000 new jobs, by far the worst result since 2020. The good news here is that it is a true outlier. Last month the numbers surprised in the positive direction. This month it’s a (bigger) surprise in the negative direction. We’ll have to stay tuned to see if this is a significant shift or just a blip in the ongoing trend of a slowly decelerating economy.

INTERNATIONAL OUTLOOK

In the initial reading for September, the two regions had closed to just 0.6 points apart. We wondered if the time might finally be coming for North America to surpass the rest of the world. Not so. The finalized September numbers now show a significant gap (4.3 points) and the initial reading for October shows an even greater 5.6-point gap.² Perhaps the election had some effect? While elections don’t have much impact on long-term economic trends, the uncertainty in the leadup does often cause businesses to hold on important investment decisions to incorporate the election result into their final plans. So, this could easily be a blip as U.S. business leaders took their foot off the gas for a month to better optimize their plans post-election. Time will tell if this month’s low result for North America was a blip.



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

“Finding the right people and the right balance between install/office/programmer/sales staff as far as how many to have in which category when.”

– AV 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. October 2024 index is preliminary, based on the average of September 2024 and October 2024 and will be final with November 2024 data in the next report.

METHODOLOGY

The survey behind the AVIXA Pro AV Business Index was fielded to approximately 2,000 members of the AVIXA Insights Community between October 25, 2024, and November 5, 2024. A total of 317 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 have] seen steady growth over the last year. This last month in particular has been strongly focused on improving baseline business structure, web development, staff training and stocktaking activities as a knowingly made decision that in order to scale and grow these need to be achieved, given inflation, elections, upcoming Christmas Holidays and such.... perhaps the biggest effect has been consumer sentiment hence the gravitational pull towards the latter.”

- AV INTEGRATOR, APAC

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.