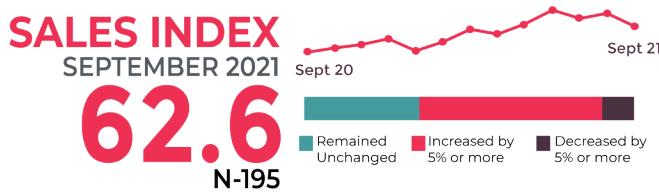


## SALES MISS EXPECTATIONS

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 data: 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 the business activity; an index of more than 50 indicates an increase, while an index less than 50 indicates a decline.



“Had a long-time employee leave us for the competition – that hurt our small group. Finding people with the skill level that we can teach is difficult. Sales are up, but supply issues continue.”

- INTEGRATOR, NORTH AMERICA

## HIGHLIGHTS:

- September marked a disappointment, as sales growth slowed from an AV sales index (AVI-S) of 68.2 in August to 62.6 in September. Commenters highlighted a number of issues, with the pandemic and supply chain issues among the most frequent, along with many forms of uncertainty. The story was not all negative though. Respondents also observed positive trends in return to live events, preparation of offices, and other sources of AV spending. And while the results mark a slowdown from August, the September 62.6 AVI-S is still high relative to most of the index’s history. For example, in 2019, only two months saw faster growth rates. Going forward, we are confident that the index will show accelerating sales growth, with a higher AVI-S likely in October.
- Financial markets had a shaky September, as the Chinese government’s efforts to de-risk their commercial real estate sector have led to default risk for massive, heavily indebted companies such as Evergrande and Fantasia. For pro AV companies, this softens the near-term outlook for equipment sales to newly constructed space in China. Outside of this specific sector, companies should expect sales to proceed more or less as normal.

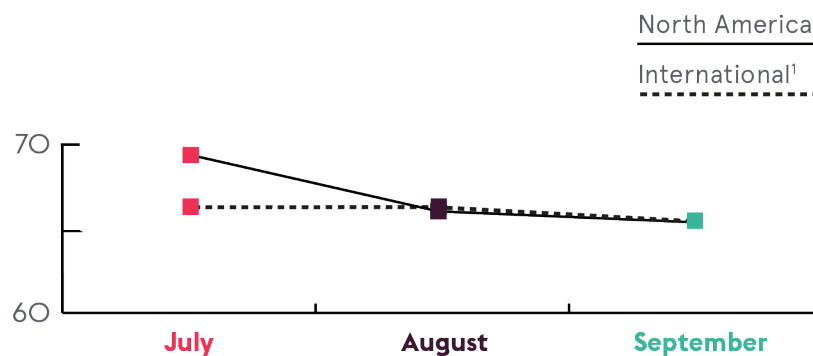
*Continued on next page.*

## HIGHLIGHTS: *(continued)*

- Supply chain issues have not eased, as issues such as a week-long Malaysian chip factory closure due to a COVID-19 outbreak continue to disrupt global supply lines. It is as important as ever to monitor your supply lines, including tier 2 and tier 3 suppliers if possible. COVID-19 continues to pose closure risks to factories and ports around the world and most especially in Southeast Asia. If your monitoring can help you identify a problem before your competitors, your company will have the easiest time adjusting.
- AV payrolls continued to steadily grow, as the AV employment index (AVI-E) measured 60.8 in September, right in line with the August mark of 61.3. Employment growth has not hit the same highs as sales growth yet; while the June-August period marked the fastest growth in AVI-S history, the AVI-E remains in more normal territory. We see this as a predictable result based on our major, [annual employment research project](#). In that study, workers revealed that they were less busy than in prior years, indicating that our industry had extra capacity already on payroll. Record high growth rates remain a real possibility but are unlikely this year.

## INTERNATIONAL OUTLOOK

The deceleration in sales growth was widespread enough to tilt down the pace of growth for both North America and the rest of the world in the preliminary reading for September.<sup>2</sup> North America has now experienced two consecutive months of deceleration, a trend we expect to see translate into three consecutive months of deceleration next month. We note that growth has continued uninterrupted for 16 consecutive months in North America. For the rest of the world, the deceleration is more recent—just one month—and more subtle—down just 1.2 points from its peak—perhaps in part because its stretch of consecutive months of growth is shorter, at just 13 months.



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

“COVID-19 uncertainties over Australian state border closures and lockdowns have slowed our ability to complete some installations due to forced isolation of some team members. Global shipping slowdowns are also beginning to have an impact on our suppliers.”

– AV PROVIDER, ASIA PACIFIC

<sup>1</sup> International regions include Europe, Latin America, Middle East/Africa, Asia-Pacific

<sup>2</sup> Due to the small sample, the North American and International indexes are based on a 3-month moving average. September 2021 index is preliminary, based on the average of August 2021 and September 2021 and will be final with October 2021 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 September 28, 2021, and October 6, 2021. A total of 341 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, with the monthly score 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, while a score lower than 50 indicates a decrease in activity. Any score higher than 50 indicates an increase in activity.

“Live event production continues to see an uptick due to seasonality as well as covid vaccinations. Labor shortage and short lead times continue to challenge our sector. The short lead times are providing virtually no long-term outlook on-demand sales pipeline and apprehension about continued recovery are preventing live event production agencies from investing in full-time labor and capital [improvements].”

– RENTAL AND STAGIING, 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](http://avip.avixa.org).