

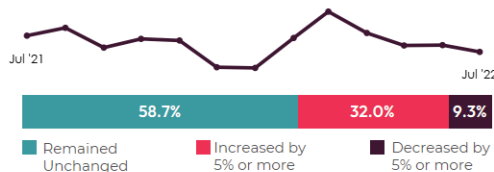
PRO AV GROWTH REMAINS STRONG AMID MIXED ECONOMIC SIGNALS

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

JULY 2022

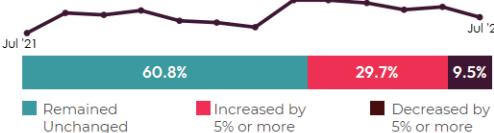
61.4



EMPLOYMENT INDEX

JULY 2022

60.1



“Global supply issues are still having an impact on our ability to deliver projects. We have been working with our suppliers to try to come up with strategies to ease those pain points.”

– END USER, APAC

HIGHLIGHTS:

- July marked another solid month for the pro AV industry, as the AV Sales Index (AVI-S) measured 61.4. This is a slight deceleration from the June mark of 63.3, but it remains well above the no-net change mark of 50. For historical context, numbers near 60 were common in the years leading up to the pandemic. Comments indicate that the barriers to faster growth remain on the supply side, with a lack of available skilled workers and especially long lead times on certain products slowing project work. Demand appears to have come down since the initial, return-to-in-person driven burst in spring, but it remains beyond what most companies can meet with their current staffing and product access.
- U.S. second-quarter GDP numbers came out in late July, revealing a second consecutive quarter of contraction. Sometimes, two consecutive quarters of GDP contraction are offered as a technical definition of recession. But are we in one? The answer is an easy no. Yes, GDP sends a negative signal. But a broader look at economic signals shows tremendous strength and growth. One indicator we track in our index reports is U.S. payroll expansion. Even before the remarkable job growth observed in July (more on that later), the economy had added some 2.8

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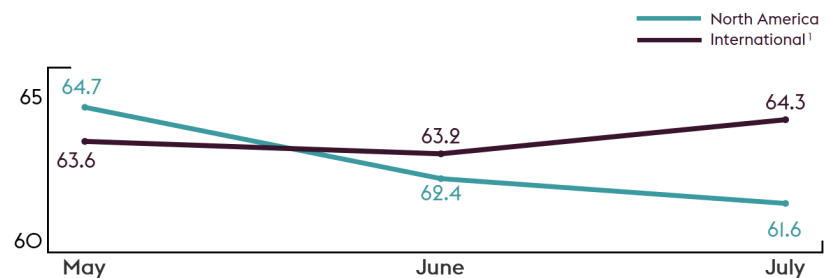
HIGHLIGHTS: (continued)

million jobs in the first two quarters of 2022. If that's a recession, we should have more of them! Further evidence for why the "two consecutive quarters of contraction" definition is weak: by that definition, COVID-19 didn't cause a recession! U.S. economic activity peaked at roughly the end of February 2020 and bottomed out near the end of April 2020. Only two months of contraction! But that was undoubtedly a recession as the economy suffered its worse GDP reduction since the second world war. In sum, while GDP signals the economy has weakened so far this year, an overall look reveals considerable economic health. A recession may come, but it is not here yet.

- Like the AVI-S, the AV Employment Index (AVI-E) showed good expansion in July, though again at a slower pace than in June. The AVI-E measured 60.1, down 2.9 points from its June mark of 63.0. As we noted in June, the AVI-E typically is closer to the no-net change mark of 50 than the AVI-S, since payrolls are steadier than sales. In that context, it's unsurprising to see the AVI-E decelerate more than the AVI-S did. Over the coming months, we expect to see the AVI-E fall further below the AVI-S, aligning closer to historical norms. The July jobs numbers for the U.S. came in remarkably strong. Payrolls added 528,000 jobs, more than double expectations of 258,000. Unemployment has reached its February 2020 level at 3.5%, the lowest level since 1969.

INTERNATIONAL OUTLOOK

The International outlook brought something of a surprise this month in the initial reading for July, as the new data now shows the Rest of the World comfortably outpacing North America in sales expansion.² The initial reading for June had shown North America growing faster, but the final reading shows it growing slower. In the initial reading for July, the AVI-S for the Rest of the World is 2.7 points higher than that of North America. This reversal will be interesting to monitor in the coming months. Given the current gap, it seems likely that the Rest of the World will continue to outpace North America in August at a minimum.



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

- “Supply chain issues and labor shortages continue to be a huge factor. Supply chain issues don't only mean that it is slower to get gear, but we are doing partial installations to try to keep customers happy and get some gear out of our shop. This is only an OK solution as it creates a lot of extra installation labor and sometimes confuses customers. There is no lack of interest for new work, we are trying to only bid-propose on projects we think we'll get and ones that are really in our wheelhouse.”
- – RENTAL/STAGING, 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. July 2022 index is preliminary, based on the average of June 2022 and July 2022 and will be final with August 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 July 27, 2022, and August 3, 2022. A total of 269 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 is a decrease in activity.

“Clients are returning to full in-person meetings, with a conscious thought to after-market and external simultaneous usage for Hybrid events and on-demand recordings. Many are hedging their bets and choosing full hybrids in spite of the increased cost to them as they are serving their constituencies more completely. Some clients have chosen to remain 100% virtual since they have seen that benefit to their organizations grow over these past 24-30 months.”

– 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.