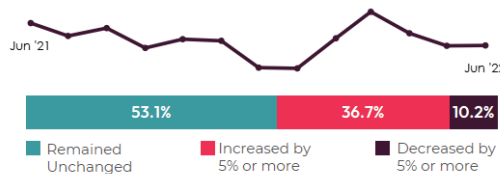


PRO AV GROWTH STEADY AND STRONG

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.

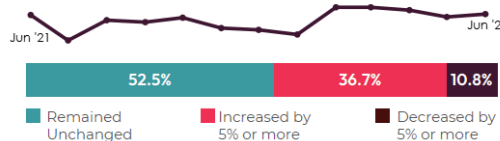
SALES INDEX JUNE 2022

63.3



EMPLOYMENT INDEX JUNE 2022

63.0



“Supply chain and labor shortage issues continue to dictate a lot of our day-to-day activities. We are using a lot of extra labor dealing with these issues which only makes the problems worse.”

– RENTAL/STAGING, NORTH AMERICA

HIGHLIGHTS:

- AV sales growth continued in June at the same fast but not record pace as it did in May, as the sales index registered 63.3, just 0.1 up from the May score of 63.2. The second consecutive month at this level gives further evidence that conditions have cooled from the record-setting growth observed in the February–April period. The AV industry is now growing at a fast but sustainable pace. Right now, commenters highlight two barriers to that growth: supply and workforce. While some supply issues have eased, many projects remain one or two key products short of completion. On employment, not all companies are struggling, but many face retention issues and/or hiring difficulties—particularly for skilled workers.
- Inflation continues to be a substantial economy-wide challenge that could spur economic issues due to the policy response by central banks. Many areas face the highest inflation in decades, including the U.S., Canada, and the EU. In the last six months, the U.S. Federal Reserve has raised interest rates nearly two percent. In mid-July, the European Central Bank made its first rate increase in over a decade. Not only that, it made a last-minute change to

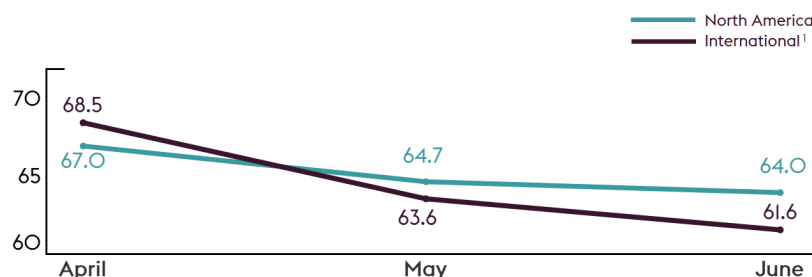
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HIGHLIGHTS: *(continued)*

- initial plans of a quarter percent increase to shift to a half percent increase. These decisions, spurred by the banks' mandate to maintain consistent price levels, pose a risk of recession. Higher interest rates can't increase fuel supplies or resolve supply issues related to COVID and Russia's invasion of Ukraine. They can only cool prices by reducing aggregate demand. Reducing aggregate demand would harm AV sales growth due to our industry's diversity and close connection to the overall economy.
- AV payroll expansion matched sales expansion in June, as the AV employment index (AVI-E) registered 63.0. Payrolls are typically steadier than sales, so seeing this level on the AVI-E is more remarkable than seeing it on the AVI-S. It's also remarkable given how much trouble respondents are reporting with their efforts to add staff. Though companies are struggling to achieve their hiring goals, they are finding enough success to cause high scores in the AVI-E. The story of high job gains despite hiring challenges is matched in the wider economy. In the U.S., the June employment report shows the economy added 372,000 jobs, well above expectations of 250,000 new jobs. Pre-COVID, 200,000 new jobs was a good month, so 372,000 is quite strong. The unemployment rate remained steady at 3.6%.

INTERNATIONAL OUTLOOK

As expected, the gap between North America and rest of world sales growth expanded in June, as the North American AVI-S stayed essentially steady at 64.0 while the rest of world mark declined mildly to 61.6.² While both regions are on a trend of deceleration, we emphasize that they also both remain at levels that should be considered strong expansion. For next month, we predict similar results, with the regional AVI-S remarks remaining in the low sixties and the gap between the two remaining near the 2-3 point level.



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

“With the cost of most products rising and increase in inflation, this is leading to a weakened business sentiment leading to customers deciding not to proceed with some projects.”

– INTEGRATOR, ASIA-PACIFIC

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 2022 index is preliminary, based on the average of May 2022 and June 2022 and will be final with July 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 June 27, 2022, and July 12, 2022. A total of 284 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.

“The two biggest factors impacting our ability to do work are supply chain disruptions and personnel shortages. With supply chain issues, we have been moving to alternate brands that aren’t in our normal wheelhouse to work around disruptions. In some cases, we expect to make this alternate product standard moving forward, in others, it is a stopgap. Personnel shortages are, in some respects, a bigger issue for us. We are finding it hard to find qualified personnel, though we have been able to retain the personnel we’ve onboarded. We’re seeing similar disruptions with integrators and firms we work with, and the issues they have been experiencing have trickled down to us with longer install timeframes, commissioning issues, etc., to the point where we are moving many installations internal to our organization.”

- END USER, 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.