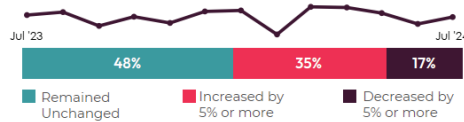


PRO AV GROWTH ACCELERATES, STILL MODERATE AMID TEPID MACRO ENVIRONMENT

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.

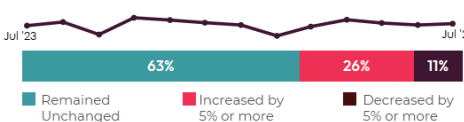
SALES INDEX

JULY 2024
58.7



EMPLOYMENT INDEX

JULY 2024
57.5



“Business is good on the install side of the channel. Lots of chatter on the manuf side of layoffs and restructuring which I am guessing is level setting now that we are back to a more normal state in the supply chain.”

– AV INTEGRATOR, NORTH AMERICA

HIGHLIGHTS:

- July delivered better news after a disappointing June, as the AV Sales Index (AVI-S) accelerated 2.3 points from 56.6 to 58.7. With this new reading, the AVI-S is now averaging the same level in 2024 as it did in 2023: 58.9 this year vs. 58.8 last year. Last year, we described this level as roughly in line with what would be normal pre-pandemic but on the low side. Given that pre-pandemic saw consistent strong growth for pro AV, the current level should be seen as a signal of moderate expansion. This is closely aligned with AVIXA’s Industry Outlook and Trends Analysis, which shows 2024 as a lower growth year before reacceleration in 2025 (full details available on the [IOTA page](#)).
- Recent economics news has been a bit negative. EU GDP expanded just 0.3% in the second quarter (an annualized rate of 1.2%). Germany fell back into contraction, with a 0.1% GDP decline. China’s GDP grew 0.7% in the second quarter (2.8% annualized) which sounds good at first, but it’s well below both the 1.5% growth for Q1 and the forecast of 1.1%. The U.S. was the bright spot for GDP, as its Q2 growth was at an annualized rate of 2.8%, up from 1.4% in the first quarter and beyond the forecast of 2.8%. While that is decisively positive, it is unfortunately counterbalanced by other news, especially on employment (see

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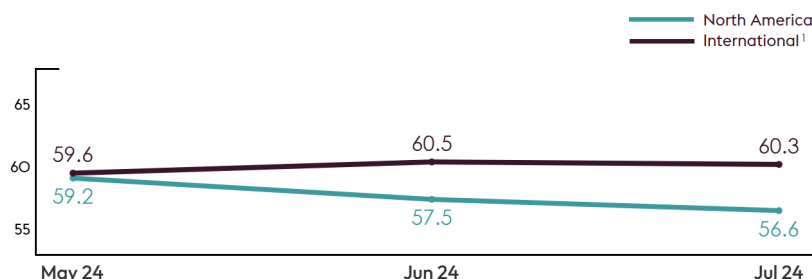
HIGHLIGHTS: *(continued)*

the next bullet for more). Overall, the news is consistent with a soft macroeconomy. We're seeing expansion, but it's below what we'd expect in a healthy economy. These tepid conditions are the primary reason that current pro AV growth is a little lower than what we averaged pre-pandemic.

- The AV Employment Index (AVI-E) is reliably steadier than the AVI-S. Last month, the AVI-S was surprisingly down, while the AVI-E was down only slightly. Now the AVI-S is back up, and the AVI-E is up slightly. To share the numbers, the last three months of the AVI-E have been, in order, 57.7, 57.1, 57.5. Like the AVI-S, this level is roughly in line with what was normal pre-pandemic but on the low side. To add a little color, the supply of available workers remains low, but a relatively small number of companies are growing payrolls right now. In the wider economy, the U.S. July jobs report was disappointing. Unemployment moved up to 4.3% from 4.1% (though largely due to labor force expansion), while the economy added 114,000 jobs. This payroll expansion is well below expectations of 175,000 and also below what the economy averages in normal times. It's an indicator that the economy is softening and not currently expanding at a strong rate.

INTERNATIONAL OUTLOOK

The Rest of the World built a growth advantage over North America with the latest data in our international outlook.² After the initial reading for June showed just a 0.4 gap for the Rest of the World over North America the finalized numbers now show a 3.0 point gap. The initial reading for July is even larger, with a 3.7 point gap, as the Rest of the World AVI-S is 60.3 vs. 56.6 for North America. This is surprising both in light of previous trends where the gap was closing and in light of the GDP data, where the U.S. was on the stronger side compared to Europe, and China was disappointing (though still quite strong). Going forward, this data suggests a persistent growth advantage 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 sample size.

“The shift towards remote and hybrid work has increased the demand for AV solutions but also required adjustments in our service delivery models.”

– IT 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. July 2024 index is preliminary, based on the average of June 2024 and July 2024 and will be final with August 2024 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 25, 2024, and August 5, 2024. A total of 278 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.

“Election years always put people a bit on edge, and, well, this one has certainly become a unique one! It does seem jobs are being pushed to the very limit on time. K12 would always lead to large May and June numbers, now those are being pushed clear into July. Folks going back to office has led to more sound masking and conferencing opportunities popping up again.”

- AV PROVIDER, 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.