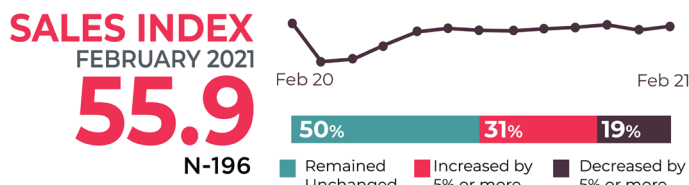


GROWTH STRENGTHENS AS VACCINE PROLIFERATION PROMISES NORMALCY

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 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.



“Lead times on materials is out of control. Raw materials coming from China is taking a long time and slowing everything down. Shipping in general is taking forever.”

– DISTRIBUTOR, NORTH AMERICA

HIGHLIGHTS:

- After a blip of deceleration seen in January, AV sales growth sped back up in February. The AV Sales Index (AVI-S) reading of 55.9 is a clear indicator of growth, though we note that it is lower than typical pre-pandemic numbers and also lower than the pandemic recovery highwater mark of 57.2 that was recorded in December. Though not as strong as it could be, the 55.9 mark is clearly good news. After the higher growth of December and the tepid growth of January, it was an open question how strong the AV recovery is. No, February’s result doesn’t signal a gangbuster bounce back, but it strongly points in the right direction. In that positive vein, many survey commenters cited growing signs of a post-COVID future, including spending to prepare for increased in-person activity and live events on the calendar in the foreseeable (if not immediate) future.
- In countries such as Israel, the United States, and the United Kingdom, it’s time to start working with clients on preparing for post-COVID business conditions. Vaccine proliferation in leading countries has seen extremely encouraging stats like an 80% drop in the daily death rate in the U.K. and a 67% drop in the hospitalization rate in the United States. Continued

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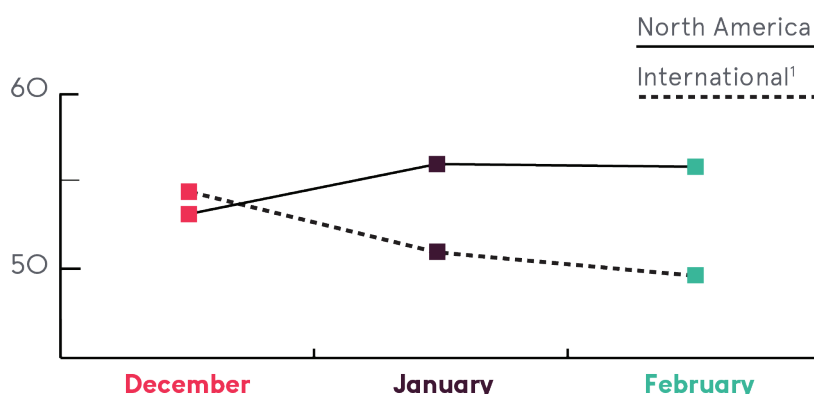
HIGHLIGHTS: *(continued)*

progress is needed, and it will take time for comfort levels to adjust, but the signs are positive. Live events and travel are coming back soon! We note that many countries lag behind the U.S. and the U.K., with the E.U. in particular seeing stubbornly high COVID rates and slow vaccine progress.

- This month, the AV employment index (AVI-E) hit a new high since the pandemic began, scoring 52.2. From a market measurement perspective, we weigh employment fluctuations more heavily than sales fluctuations because employment decisions are long-term choices. Expanding the company payroll is a significant investment that takes a critical combination of financial strength, confidence, and optimism. That said, our industry needs more than the kind of modest growth indicated by a 52.2 AVI-E. As in the wider economy, payrolls declined dramatically at the onset of COVID-19. So far, AV payrolls have more stabilized than truly bounced back. With the aforementioned movement towards a post-COVID future, we'll be closely watching for stronger growth in AV employment. In the U.S., economy-wide numbers paralleled the AV story. The latest jobs report showed solid growth – the addition of 379,000 jobs – but a huge deficit still to be closed, with nearly 10 million fewer jobs than a year ago. The recovery is strengthening, but for the jobs market, there is still an extremely long way to go.

INTERNATIONAL OUTLOOK

The international outlook casts a small shadow on this otherwise bright report. Unfortunately, the North America AVI-S and the international AVI-S have been trending in different directions over the past few months. The North America AVI-S has stayed high, at 56.9 in January and 56.3 in February, while the International AVI-S dipped to 51.2 and then even slightly into contraction territory with the preliminary February reading of 49.2.² Part of the gap likely reflects that the U.S. has been among the world leaders in vaccinations. Still, we expect the international AVI-S to move back into growth territory sooner rather than later.



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

“ I work at a university and most events are virtual using Zoom. Some hybrid events are starting to emerge and the plan is to go back to near normal operations in the Fall.”

– END USER, 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. February 2021 index is preliminary, based on the average of January 2021 and February 2021 and will be final with March 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 March 1, 2021 and March 8, 2021. A total of 359 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.

“On the events side of things, it seems like things are much more optimistic than they were 11.5 months ago. Most of our regular spring events seem to be cancelled or postponed, but summer events still seem to be moving forward. There are spurts of activity here and there. Installation sales seems to still be in a large part driven by the pandemic, we are still fielding lots of inquiries from churches wanting to add streaming equipment. Many of the churches we speak to indicate that streaming may play a part in their operations in the long term.”

– 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.