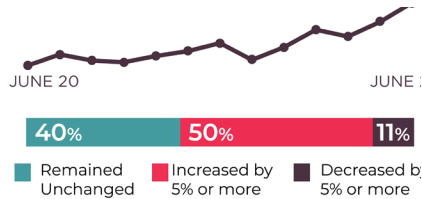


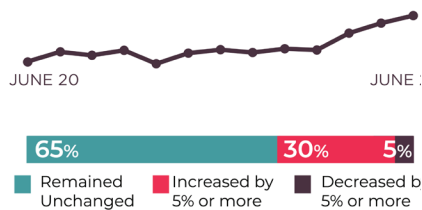
AV SALES GROWTH SOARS TO NEAR RECORD HIGH

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.

SALES INDEX
JUNE 2021
69.6
N-179



EMPLOYMENT INDEX
JUNE 2021
62.8
N-184



“We are still seeing slight delays in installation work due to reactionary COVID border closures and the chip shortage is just beginning to become noticeable. We have also been preparing our clients for the industry price rises that we are about to see.”

– PROVIDER, APAC

HIGHLIGHTS:

- In June the AV sales index (AVI-S) reached 69.6, its second-highest level in the nearly 5-year life of the index, trailing only an outlier result in March 2017. The June AVI-S is 5.9 points higher than it was in May and is just off the 70 level we have been highlighting as a possibility sometime this year. A telling sign of the growing industry health is that this month was the first time since the pandemic that COVID-19 wasn't by far the most-cited negative business factor. While the pandemic did show up in many comments, supply chain issues have taken primacy. Respondents highlighted a number of ways they've responded to supply challenges, with 43% reporting they'd passed price increases along to consumers and 37% reporting they'd made early purchases. AVIXA is currently working on a deep dive into supply issues and price change for the next Macroeconomic Trends Analysis (META) report, which is set to be published in late August.
- The accelerating growth seen in the AV industry is a story being played out throughout the rest of the economy. We are moving from a lower economic activity state to a higher economic activity state, and the speed of this transition is causing growing pains. Supply chains and employment are two of the biggest places this is felt. Producers are struggling to ramp up production and shipping companies

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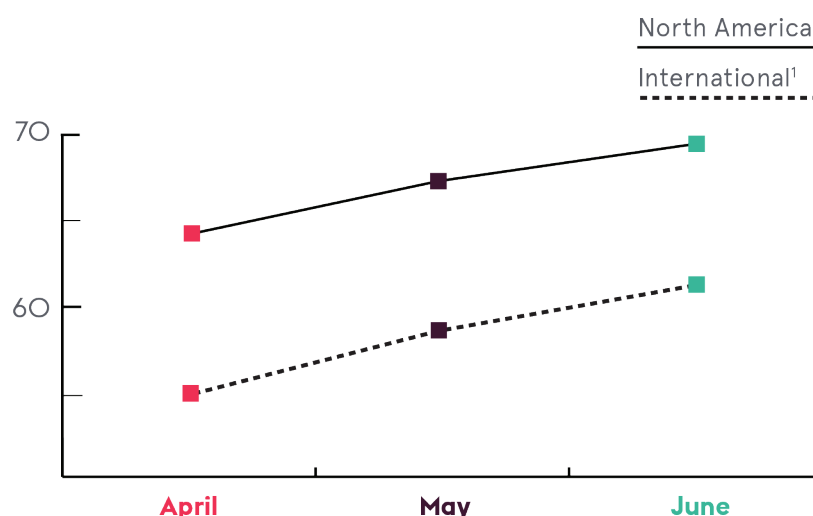
HIGHLIGHTS: *(continued)*

are struggling to transport what is produced. On the employment side, companies are seeking to hire workers to meet spiking demand but struggling to do so as fast as they'd like. Millions of workers left the labor force during the pandemic for reasons such as safety, childcare, or early retirement. The latest U.S. jobs report shows that many of the departed are finally starting to rejoin the labor force, though businesses can anticipate continued hiring challenges given the volume of increased demand.

- Just as the AVI-S accelerated, so too did the AV employment index (AVI-E), which moved from 60.4 in May to 62.8 in June. 62.8 is the highest level for the AVI-E since August of 2019. Given all the data we've collected since the start of the pandemic, we can affirm that current staffing levels remain well below 2019 levels. That said, with all the hiring happening now both inside and outside of AV, supply is dwindling fast. Companies would be wise to hire sooner rather than later, as it will enable them to hire quality candidates at reasonable salary levels, which may not be possible come fall. U.S. employment data shows signs of the future for our industry. In June, the U.S. economy added a massive 850,000 jobs. To facilitate these hires, companies were forced to raise wages, with average hourly pay for hotel, restaurant, and entertainment venue employees jumping 2.3% in June and 6% total in the second quarter alone. A similar runup in wages is very possible for pro AV as the quantity of un- and underemployed AV professionals declines.

INTERNATIONAL OUTLOOK

The preliminary June sales numbers for our regional outlook showed good numbers all around, with the North America moving average accelerating to 69.5 and the international reaching 61.0.² The finalized May numbers were even higher than their preliminary readings, with 67.1 actual vs 65.0 preliminary for North America and 58.1 vs 54.3 for the rest of the world. The positive revision was something we had anticipated, especially on the international side, where we had predicted substantial acceleration beyond the initial 54.3 May reading. In the coming months, we'll be watching to see if the gap between the faster North American growth and international growth persists, or if the rest of the world begins to close the gap.



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

••••• “We pre-ordered lots of components months ago in expectations of supply chain issues and are taking advantage of competitor’s inability to ship.”
 ••••• – MANUFACTURER, 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. June 2021 index is preliminary, based on the average of May 2021 and June 2021 and will be final with July 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 June 29, 2021, and July 6, 2021. A total of 326 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.

“Still a mixed bag of reactions to England unlocking. Some still very cautious, others spending like there’s no tomorrow! Making teaching and meeting rooms hybrid is most of my work at the moment.”

– INTEGRATOR, EUROPE

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.