

# Pro-AV Business Index

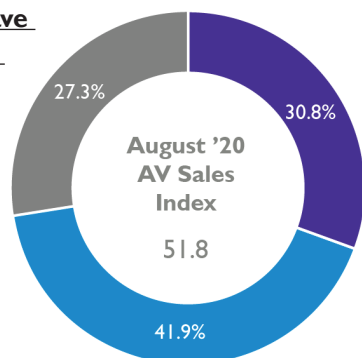
Released August 2020

## Feeble First Steps

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.

**Compared with the previous month, have the billings/sales at your location...**

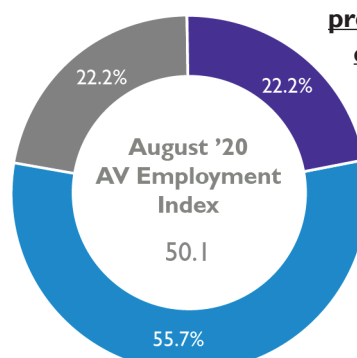
N-172



- Sales increased significantly (5% or more)
- Sales remained unchanged
- Sales decreased significantly (5% or more)

**Compared with the previous month, is the overall employment at your location...**

N-185



- Employment increased significantly (5% or more)
- Employment remained unchanged
- Employment decreased significantly (5% or more)

## Highlights:

- During the COVID-19 pandemic, growth at any level is good news. That said, at 51.8, this month's AV sales index (AVI-S) only barely qualifies. This score is only two points above the no-net growth level of 50 and two points below the pace recorded last month. While it's not shocking that provider sales would show frailty given the overall economic environment, the AVI-S had improved in four straight months leading up to August, making the weaker observation unexpected. Comments tell the story of why. As the world adjusts to living

with COVID-19, the net impact on pro AV is complicated. Offices, churches, and schools are now largely remote, reducing in-person investment. And yet, AV is the solution to remote needs, which actually boosts spending. Unfortunately, money is tight and many institutions are preferring cheaper DIY, consumer options to professional grade ones. The end result is an unsteady mix of growth and contraction across markets and solutions, changing from month to month.

- Economically, the pandemic has created a recession completely unlike previous recessions. We covered the historic global declines in GDP in the July index, and we've been closely following the equally historic effect on employment. Both of those core economic metrics show catastrophic levels of damage. But the stock market? Flying high. Typically, equity markets fair worse than GDP and unemployment. For example, during the Great Recession, U.S. GDP dropped about 5% while the S&P 500 dropped about 50%. This year, second quarter GDP was down double digits in countries all over the world, including 32.9% in the U.S. And yet, U.S. stock indexes hit record highs in August. International markets are less bullish, but even those are within 10% of their prepandemic levels. Strong equity markets mean companies have capital available to invest, but business owners should not let the single favorable signal overwhelm the tenuous conditions revealed by other key indicators.
- The current job market faces a pair of powerful trends, one strongly positive and the strongly other negative. On one hand, the economy is reopening and bringing jobs back along with it, while on the other, the damage absorbed during the past six months is causing major job losses. The positive side appeared in the August U.S. employment report, which revealed that the economy added 1.4 million jobs as unemployment fell from 10.2% to 8.4%. The negative side was illustrated by the unemployment insurance numbers, which showed that an average of about 1 million people filed initial claims for unemployment benefits each week of August – every single week of which was beyond the pre-pandemic record. How do these contrasting negative and positive signals net out for pro AV? With no net growth. The AV employment index (AVI-E) for August was 50.1, signaling that payrolls neither expanded nor contracted in August. This was a similar result to July, when the AVI-E measured 51.2.

*“[Our] campus decided to have in-person and distance learning models — dual modality. This necessitated more AV and we hired a few previous employees back to help with the workload.”*

– End User, North America

*“Lots of interest in streaming systems for schools and house of worship, but the professional and semipro offerings that we would provide are too expensive for most clients. Many people are opting for iPads, Mevo cameras, and other DIY solutions.”*

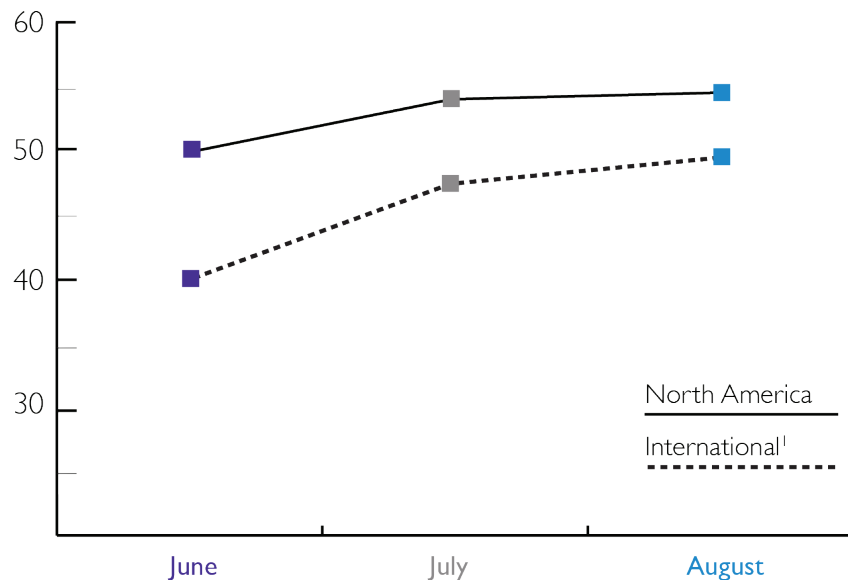
– Integrator, North America

*“Mandatory work from home producing virtual events is challenging. Two of the biggest challenges are home IP bandwidth and real-time communications with staff during events.”*

– End User, North America

## International Outlook

After several successive months where business conditions in North America exceeded international conditions by 10 points, August's data closed the gap.<sup>2</sup> After the August responses were incorporated into the moving average for July, North America's index exceeded the international index by 7.6 points. In the month's initial reading, the gap is only 5.2 points. While it may be disappointing not to see further acceleration of growth in North America, it is very encouraging to see the international score reach neutral growth conditions this month.



<sup>1</sup> International regions include Europe, Latin America, Middle East/Africa, Asia-Pacific

<sup>2</sup> Due to the small sample, the North American and International indexes are based on a 3-month moving average. August 2020 index is preliminary, based on the average of July 2020 and August 2020 and will be final with September 2020 data in the next report.

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

## Methodology

The survey behind the AVIXA Pro-AV Business Index was fielded to 2,000 members of the AVIXA Insights Community between July 27, 2020 and August 4, 2020. A total of 373 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.

## 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](http://avip.avixa.org).