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EuPD Research

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Press Release

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New study about procurement management of German PV installers

Connections to suppliers are usually long-term and local

Business relationships between German installers and their suppliers are characterized by distribution channels with multiple steps. More than two-thirds of German installers purchase their photovoltaic components from a wholesaler or system integrator. This was the result of the new study "PV InstallerMonitor© 2008/2009" by the market research institute EuPD Research in Bonn.

Cooperation between installers and suppliers are established and long-term. The average business partnership has already been in place for six years. Every tenth installer stated that they had worked with their current supplier for more than ten years. One of the most important reasons for business partnerships is a local bond; the majority of installers use a supplier from within their Federal state. A total of 69 percent of current suppliers to German installers came from Germany, of which a third are based in the same state as the purchaser. Business relationships with foreign module suppliers are less common. They were used by less than ten percent of the respondents.

German PV installers are split into segments for the first time

The problem posed by the heterogeneous market conditions can be relieved using market segmentation and categorization of different segments. Hence, different groups of installers can be targeted with more specific distribution measures. The market for photovoltaic products is currently changing from a sellers' market to a buyers' market, meaning that marketing and distribution measures will take on an increasingly important role. For producers and wholesalers, it is important to implement efficient marketing for the different installer groups. In the current study "PV Installer Monitor© 2008/2009", German PV installers were split into segments for the first time.

The categorization was made on the basis of the installers' future strategy if demand decreases. The segmentation thus refers to the installer strategies for market development and positioning. Using this approach, five segments were derived:

- Cost leader/mass market strategy
- Cooperation strategy
- Disinvestment strategy
- Niche strategy
- Indifferent strategy

One aspect which became noticeable once the installers had all been assigned to a segment was the huge share of system integrators following a "mass market strategy". PV installers who would react to decreased demand with a "mass market strategy" or "cooperation strategy" are predominantly specialized installers with a focus on solar. Furthermore the same installers dominated the segment "niche strategy". However, electricians, HVAC installers and roofers commonly have no specific conception of strategy or would incline towards a “disinvestment strategy”. In the medium-term they would withdraw from the photovoltaic business.

Installers with “mass market strategy” prefer module manufacturers

Installers with a “mass market strategy” are the only group who prefer to be supplied directly by module manufacturers – and therefore also prefer the most direct distribution channel. 60 percent of the installers said that they work with module manufacturers. These groups thus have the largest number of suppliers, and often the suppliers are based in foreign countries in Asia, Europe or North America. On average, installers following this strategy maintain business relationships with eight partners. The relationship between the installed capacity and the type of distribution can be observed here. The higher the photovoltaic capacity, the more companies turn to a direct distribution channel; according to the installers, module availability is better with module manufacturers than wholesalers. In contrast 84 percent of companies following an “indifferent strategy” have relationships with just three wholesalers or system integrators that are locally based.

“PV InstallerMonitor© 2008/2009”

Following the success of the “PV InstallerMonitor© 2007”, installers within the PV industry were surveyed for the second time. In 2007 84 percent of the modules for the end customer market in Germany were provided by these important intermediaries. The sample was composed of more than 300 electric installers and roofers as well as HVAC installers.

To find out more about the report, please follow this link:

http://www.eupd-research.com/en/downloads_microsite/EuPD_Research_PV_Installer_Monitor.pdf