

European solar PV services market

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Interviewees

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Market segmentation and structure

Question:

How should the solar PV services market be segmented?

Answer:

A segmentation based on end application is most appropriate, distinguishing between residential (B2C), commercial (B2B), and solar farms. Solar farms represent a separate segment with distinct dynamics, including different suppliers, investors, and project characteristics.

B2G does not represent a separate segment, as installations on government buildings fall within the broader commercial (B2B) category. The key distinction is whether installations are on private homes, large buildings, or dedicated solar farms.

Market fragmentation across the value chain

Question:

Is the European solar PV services market fragmented and does this differ by segment?

Answer:

The market is highly fragmented overall, particularly on the installation side.

Across the value chain, manufacturing is highly concentrated, primarily in China, while wholesalers and importers are less fragmented, with a limited number of players per country. In contrast, installation is highly fragmented, especially in the B2C segment.

Fragmentation varies by segment. The B2C segment is the most fragmented, the B2B segment is less fragmented due to larger project sizes, and the solar farm segment is significantly more consolidated with fewer large players.

Consolidation trends

Question:

Is consolidation occurring in the market?

Answer:

There are early signs of consolidation, particularly driven by private equity-backed platforms in the residential segment. These players build digital customer acquisition capabilities and offer integrated services, including installation and energy management tools.

However, these platforms still represent a small share of the overall market.

More broadly, consolidation is also driven by declining growth rates in key markets. In several European countries, including the Netherlands, annual installation volumes have already peaked, while Germany, the UK, and Scandinavian markets are approaching similar levels. While total installed capacity continues to grow, annual new installations are stagnating or declining, increasing pressure on installation companies and contributing to consolidation or market exits.

Geographic scope and scalability

Question:

Is the market local or pan-European?

Answer:

The market remains largely local, particularly in the B2C segment, due to its reliance on local demand and installation.

The B2C segment is highly local and fragmented, while the B2B segment is less local and allows for some degree of scale across regions. Solar farms are more national or international in nature, with large players operating across markets.

Some wholesalers are expanding internationally and building European-wide operations.

Key success factors in installation

Question:

What drives success for installation companies?

Answer:

Scale in installation itself is less important, particularly in the B2C segment. The key success factor is lead generation and customer acquisition.

In more mature markets, installers are increasingly diversifying into adjacent services such as EV charging, battery installation, and smart metering. This enables cross-selling and supports revenue growth beyond solar panels.

As systems become more complex, particularly with the integration of storage and energy management, there is also a growing need for integrated technology solutions. In these areas, scale can become relevant due to the costs of developing or integrating such systems.

Role of integrated energy solutions

Question:

Is bundling (e.g. solar, battery, EV charging) still a differentiator?

Answer:

Yes, bundling remains a key differentiator, particularly in the residential segment.

Common bundled offerings include solar panels, battery storage, EV charging, and smart energy management solutions. These are increasingly sold as part of broader household electrification packages, with the objective of optimising energy consumption and reducing costs.

However, not all adjacent products are integrated equally. Heat pumps, for example, are less commonly bundled with solar installations due to differing technical requirements, including plumbing and insulation work, which require separate capabilities.

Utilities are increasingly acting as integrated providers, combining installation, energy tariffs, and optimisation software. These players can serve as distribution channels for installers by offering bundled solutions and managing energy consumption without requiring customers to handle technical complexity.

Segment attractiveness and margins

Question:

Which segment is most attractive from a margin perspective?

Answer:

This depends on market conditions, particularly subsidy schemes.

The B2C segment can be attractive when subsidies are strong, as this supports pricing. However, in many European markets, subsidy schemes and feed-in tariffs are being reduced or phased out, which has led to declining demand in the residential segment.

The B2B segment is generally more stable and often more attractive overall, despite longer sales cycles and higher project complexity.

Solar farms are typically the least attractive segment due to highly competitive tender processes where pricing is the main decision factor. In addition, solar farms are exposed to wholesale electricity markets, where prices are under pressure as generation is concentrated during the same daytime periods. Without on-site consumption or storage, this reduces the value of electricity produced and creates additional pricing pressure across the value chain.

Margin drivers and cost pressures

Question:

What drives margin performance?

Answer:

Margins are primarily influenced by procurement of panels and subsidy schemes.

Panel prices have been volatile and are expected to increase due to changes such as the removal of Chinese VAT export rebates, which may increase prices by around 20%. As subsidies decline, installers increasingly rely on procurement efficiency to maintain margins.

Labour availability is currently less of a constraint in many markets, as installation work is relatively standardised and demand growth has slowed or become more volatile, reducing pressure on labour capacity.

Procurement dynamics and supply chain

Question:

How do companies procure panels and is there a shift away from Chinese supply?

Answer:

Solar farm installers typically procure directly from manufacturers due to large volumes, while B2C and B2B installers primarily source through wholesalers.

The market remains heavily reliant on Chinese supply. While there is a small segment that values European-branded products, most customers prioritise cost, and Chinese manufacturers remain highly competitive due to scale and quality improvements.

Although there may be attempts to localise production in Europe, replicating the full supply chain and cost structure is expected to be challenging.

Financing and business models

Question:

What role do financing models play?

Answer:

Financing is particularly important in the B2B segment, where projects are larger and more complex.

Successful players differentiate by offering leasing structures, risk-sharing mechanisms, and solutions for complex ownership situations, such as multi-tenant buildings. These approaches can help de-risk investments and facilitate decision-making.

Financing is generally less critical in the B2C segment, where project sizes are smaller and can often be supported through existing mechanisms such as mortgage extensions or consumer financing schemes.

Subscription and leasing models can improve predictability but are less common in Europe compared to markets such as the US and China. In particular, rooftop leasing models, where providers install and operate solar panels without upfront cost to the customer, are less widespread due to less favourable feed-in tariffs and grid economics.

B2C vs B2B operating models

Question:

Do companies benefit from operating across both B2C and B2B?

Answer:

B2C and B2B require fundamentally different go-to-market approaches.

B2C involves high volumes and marketing-driven sales with lower value per project, while B2B involves fewer but larger projects with more complex, relationship-driven sales processes.

Most companies specialise in one segment, as combining both increases operational complexity and provides limited benefits. Some overlap exists between B2B and solar farms, particularly for large-scale projects.

Key success factors going forward

Question:

What will differentiate winners over the next 2–3 years?

Answer:

In the B2C segment, diversification into adjacent services such as EV charging and storage, as well as strong customer acquisition channels, will be key. As penetration increases, acquiring new customers becomes more difficult, making differentiation in go-to-market approaches increasingly important.

In the B2B segment, success will depend on the ability to offer complex financing solutions, manage ownership complexity, and provide integrated energy management solutions. As market penetration increases, projects become more complex, requiring more sophisticated offerings beyond installation.

Market drivers and risks

Question:

What are the key positive and negative drivers for the market?

Answer:

Positive drivers include rising electricity and gas prices, which increase the incentive for businesses and consumers to generate and store their own energy. Electricity prices in Europe are closely linked to gas prices due to the generation mix, and expected increases in gas prices can significantly improve the economics of solar installations, creating pricing headroom for providers.

Negative drivers include declining subsidy schemes across Europe, increasing cost of capital, inflation, and rising panel costs.

In addition, many European markets have reached or are approaching peak levels of annual installations, meaning that future growth in new installations is expected to be limited or volatile.