



# Solar power panels upstream industry

Is solar industry upstream or downstream?

The solar industry can be divided into its upstream manufacturing and downstream installation/finance segments. Downstream companies enjoy higher barriers of entry in the form of brand and sector complexity. Upstream refers to the production of raw materials or components, while downstream refers to the production of finished goods or services.

What is a downstream solar company?

Downstream solar companies are involved in the installations and financing aspects of the solar industry. They usually handle all aspects of the downstream segment. Companies like SolarCity or Vivint Solar (VSLR) are examples of downstream solar companies and are currently enjoying high gross margins.

Why is there a margin disparity between upstream and downstream solar companies?

There are several reasons explaining the larger profit margins for upstream solar companies compared to downstream companies. A major difference is that the downstream solar business is more of a service than a product-based business.

Why is brand important for downstream solar companies?

Brand matters much more to individuals in the downstream solar sector, where product services are often long-term in nature. Because of the importance of brand in the downstream segment, it acts as an economic moat for downstream solar companies.

What is the difference between brand name and downstream solar business?

Brand name plays a huge role in the downstream markets of financing, leases/ppa, etc. in the solar industry, whereas the downstream solar business is more of a service than a product. Individuals may view different companies' panels as substitute products (panels are mainly used for functionality).

Why are Chinese solar panels squeezing upstream margins?

The upstream margin squeeze in the solar industry has been significantly influenced by the commoditization of solar panels. Chinese companies have managed to produce panels much more cheaply (albeit with lower quality), forcing other manufacturers to produce their own low efficiency/low margin commodity panels to compete.

High commodity prices and supply chain bottlenecks led to an increase of around 20% in solar panel prices over the last year. These challenges have resulted in delays in solar panel deliveries across the globe. Globally, policies to support ...

Contact us for free full report

Web: <https://publishers-right.eu/contact-us/>

Email: [energystorage2000@gmail.com](mailto:energystorage2000@gmail.com)

WhatsApp: 8613816583346

