LIV|EX
THE FINE WINE MARKET

# How to digitally transform your wine business

# Technology and the wine trade

Digital transformation is critical to businesses in any sector. For wine businesses, this means leveraging technology to eliminate manual and time-consuming processes – and as such enabling them to trade more efficiently with the businesses and consumers of tomorrow.

The wine trade has changed significantly over the past two decades. It wasn't long ago that phoning other merchants or looking through printed brochures was the default option for pricing and sourcing wine. The internet and more recently, automation, has made this far more efficient and has helped businesses boost both performance and profits.

Today, around a third of trade on Liv-ex involves some sort of automation. Members of Liv-ex using automation sell more than twice the volume as other members, at a 7.8% higher price. In addition, they have access to many more trade opportunities. The acceleration they can expect as a result is a seven-fold increase in trade by volume and a three-fold increase in trade by value.

This guide explains how they do it and lays out the steps to help other merchants realise similar benefits - and to deliver more value to their customers at every interaction.

## Increase in automated trades over time



Number of automated trades (as % of total) - 3 month moving average
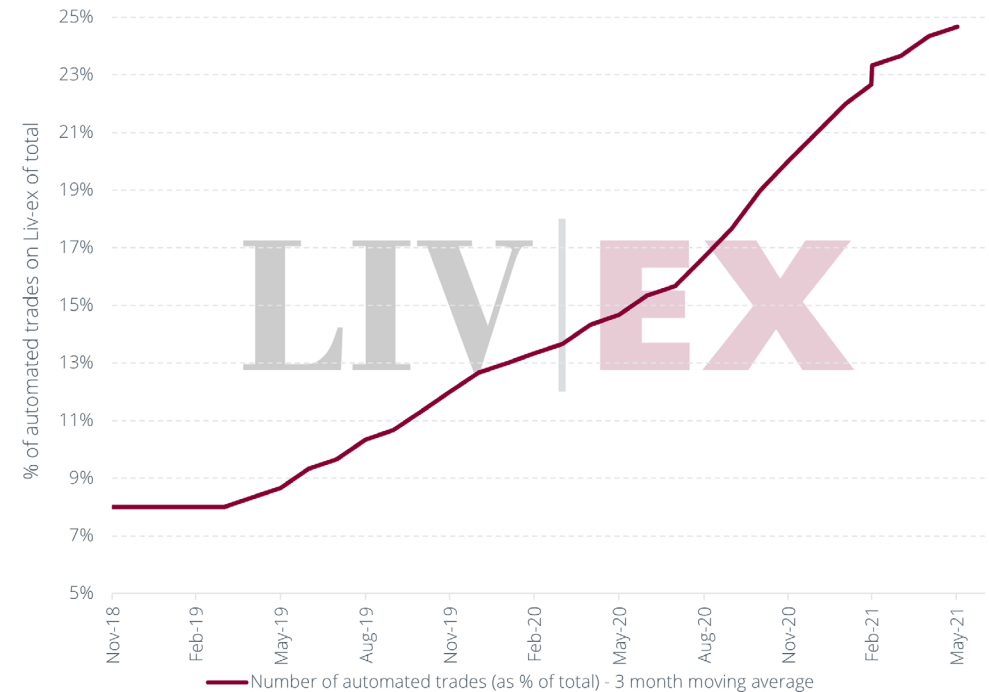
# What is automation?

Automation describes a series of business processes that can be handled automatically using technology called APIs. APIs (or Application Programming Interfaces) are technical tools that exchange information between systems. They allow you to bring information from Liv-ex into your internal systems or onto your website, and allow you to send information and instructions to Liv-ex.

APIs themselves aren't a new or uncommon thing. They've been around since the 1960s and they enable many of the digital experiences we have and expect every day as consumers. Without APIs that work quietly in the background, so much of what we take for granted on our phones and on our computers just wouldn't be possible, including ordering pizza, booking hotel rooms, and banking online. Today, APIs are the impetus for digital transformation in the wine industry – and for the future of fine wine trading.

Seven use cases are described in this report, which range from generating valuations faster to offering your stock on Liv-ex at the click of a button.

## A seamless transferal of wine data
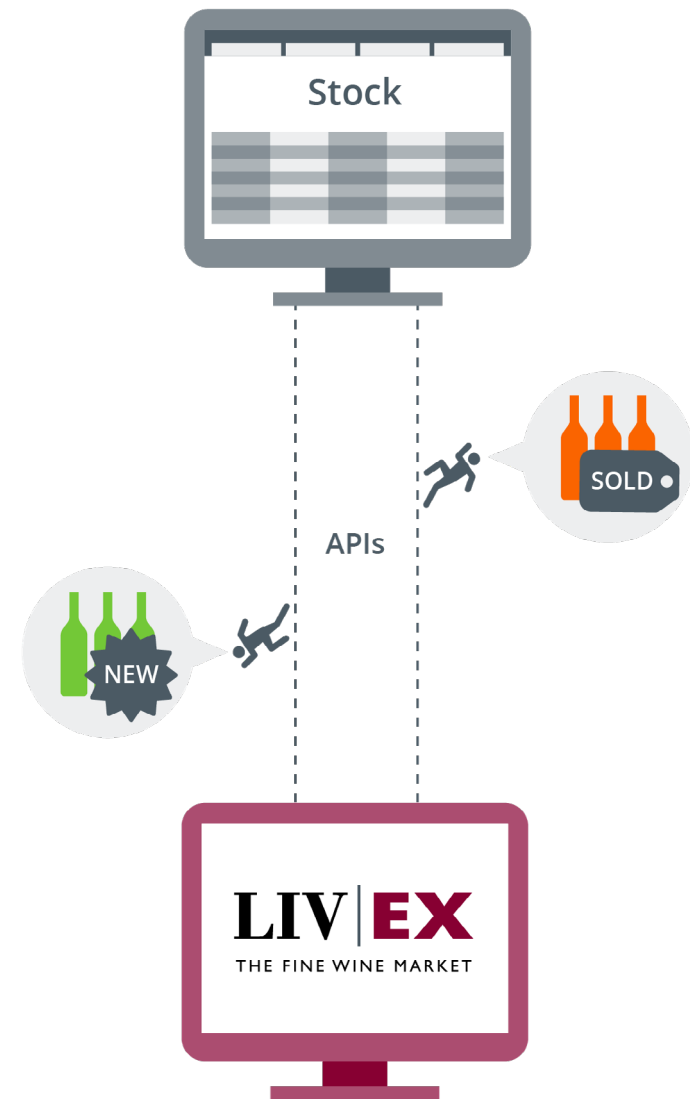
# 1. Bring Liv-ex into your system

Liv-ex APIs give you access to an unrivalled pool of fine wine data, which can be pulled and integrated into your own system.

## Prices

When you're buying and selling wine, or talking to clients, it's important to know the right price. Often, this means making repetitive online searches – but it doesn't have to.

With automation services, you can bring prices from the most comprehensive database of fine wine prices into your internal systems alongside your stock information in one place. This is independent data, directly from the most active, most liquid market in the world.

> "Liv-ex price data is the industry standard."

GOEDHUIS & CO

You can also add web links to Liv-ex, making it easy for you to place bids or offers on wines you are interested in.

### How it works

Our pricing APIs bring prices into your ERP or similar system and displays them alongside other product information for wine. When you look up a wine on your system, price information from Liv-ex is displayed. This is available in multiple currencies.

## Many different price points can be brought into your system

**Market Price**
Best listed price in the secondary market

**Best bid**
Price at which members are bidding to buy

**Best offer**
Price that members are offering to sell

**Mid price**
Mid-point between live highest bid & lowest offer

**Trade Price**
Price at which the wine last traded on Liv-ex

**Offex (trade off Liv-ex)**
Transactional data gathered off Liv-ex

**Average list price**
30-day mean price for listed stock

**Listed quantity**
Amount of stock listed on Liv-ex

**Your last list price**
Price at which you last listed your wine

**Your last Offex**
Your last traded price off Liv-ex

**Last auction price**
Price the wine last fetched at auction

**Ex-chateau price**
Price at which the producer sells to negociants

**Ex-negociant price**
Price at which negociants sell to merchants

**Last five list prices**
The five most recent prices at which the wine was listed

# LWIN Updates

The **LWIN database** contains extensive information – code, region, colour, classifications, and more – for over 125,000 wines. And it's constantly growing.

Using LWIN APIs, you can stay in sync with the database automatically.

# Critic scores

Bring data on scores, drinking windows and tasting notes automatically into your system and website. This saves time – no more laborious and manual copy/paste! – and ensures 100% accuracy.

This service currently pulls data from Vinous and Saturnalia, and is available to subscribers.

# Historical data

Get a full range of historical data points for LWIN11s: trade prices, Market Prices, auction prices and list prices – and get historical values for indices – to help you forecast price trajectories.

# Charting and indices APIs

Get performance data (MoM, YTD, 1yr, 2yr, 5yr) on LWIN11s and Liv-ex indices as well as details of the components that make up the indices. Show your customers the performance of the wines and enhance your sales narratives.

# ABVs and Commodity Codes

Tax regimes based on ABVs are becoming increasingly common. Get relevant data on Alcohol by Volume (ABV) for paperwork or to show your customers.

Merchants can also extract Commodity Codes to reduce the potential for errors and save time on paperwork and invoicing. This also enables merchants, warehouses and freight forwarders to ship wine globally in a more efficient manner.

# 2. Find the best trading opportunities

## Faster than ever before

There are tens of thousands of products on the market, and their prices are constantly changing. So how can you make sure that you're finding the best opportunities?

The Liv-ex Price Data API allows you to bring real-time price information into your internal systems as soon as a new bid or offer appears, you'll see it on your screen, meaning that you can act fast to buy or sell.

This could be a list of wines that your customer wants to buy – or it could be your own stock list. In this instance, you'll see when bids appear on wines you want to sell. It is also possible to receive alerts when new bids or offers appear on wines that you're interested in.

**How it works**

You can use Price APIs to bring a variety of price points from Liv-ex, in several currencies, into your stock management or similar system.

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# 3. Expand your offering

## Grow your sales rapidly

Using just a handful of APIs, you can offer thousands of products from Liv-ex to your customers - with no capital commitment.

The wines offered on the Liv-ex exchange, which range from the rarest bottles in the world to everyday drinking wine, are committed to your clients as soon as they place an order.

Merchants using these APIs have reported significant increases in sales. Not only does an extensive and frequently changing offer list help engage their existing customers, but it has also helped them find and build relationships with new ones.

**How it works**

Collectors typically have two options when shopping for wine online. The first is to source from stockists, who tend to be traditional wine merchants or shops. Purchasing options from these are often limited, but the availability of the wine is guaranteed and can be secured instantly. The second option is to source from brokers. As middlemen, brokers can offer enormous choice but cannot guarantee availability or fast delivery.

Using Liv-ex APIs, you can offer your customers the best of both. Liv-ex has thousands of products with guaranteed availability, which you can offer on your website with your commission and fees added on too.

## Offer guaranteed stock on your website using Liv-ex APIs

# 4. Sell on Liv-ex automatically

## Grow your audience instantly

You have wine to sell. We have the largest pool of professional fine wine buyers in the world. In fact, the Liv-ex platform has £40m+ of bid activity across 20,000 markets.

Using a handful of simple APIs, you can advertise your stock to merchants – and many of their customers – automatically. This has already helped several Liv-ex members to grow their sales exponentially.

There are no listing fees and no limits to how much you can offer at one time. Just tens of thousands of eyes on your stock, 24 hours a day, all year round. Bringing wine to market has never been easier.

Read the case study **here**.

> "Trading automation is like having an extra salesperson"

– UK-based merchant

## Offer your stock to thousands of buyers worldwide

## How it works

Selling automatically on Liv-ex boosts your sales force. You might already manage your reserves using a stock management system like Microsoft Navision or Vintner. You might already use them to power your e-commerce websites, or to manage your listings on wine search engines and other platforms.

Our APIs connect systems like these with Liv-ex so that your wines are advertised for sale on our trading platform automatically, while letting you stay in control of what is offered.

As soon as wine is sold, it will be marked on your system, and you'll receive a notification. This prevents the risk of double selling. Payment, which comes from Liv-ex, is guaranteed, and will be sent within seven days of the wine being received in our warehouse.

# 5. Offer private client storage - digitally

Here's a dilemma: running a warehouse is expensive, time-consuming and fraught with risk, yet offering storage to your clients is a great way to build loyalty. Is it worth the investment? Fortunately, you don't need to decide.

Our APIs make it possible for you to easily store and manage stock on behalf of your customers, safely and securely, in Liv-ex's UK warehouse. You can even give them control of their account via your online portal, where they can view valuation information, release stock for delivery and offer it for sale on Liv-ex. It's like having your own storage facility, without any of the fuss.

**How it works**

As a Liv-ex trading member, you can store your stock, and your customer's stock, in our temperature controlled, highly secure, and managed UK warehouse. You will automatically have a storage account and you can easily create sub-accounts for each of your customers.

Transferring stock into, between, or out of these is simple and can be managed from your internal systems or website. You can give your clients control over their reserves via your online portal. They can log in and view records on their collection, and they can also list their wines for sale and release stock for delivery, if you give them these permissions. Many Liv-ex members have already found this a great way to keep their customers engaged.

# 6. Optimise your supply chain

## · Instruct shipping instantly

Arranging deliveries for your clients can be time consuming – and if you are scheduling several per day, the time quickly adds up. Why not automate?

If your wine is stored in the Liv-ex warehouse, you can arrange deliveries with a single click. Some members have added delivery options to their stock management systems. All they have to do is click a button when a client requests wine, and all the relevant information is sent to Liv-ex automatically – including the delivery address. This removes the need to retype wine and customer data, turning a repetitive 15-minute task in to one that takes seconds.

You can also add a delivery option to your customer-facing web portal. This empowers customers to request deliveries without needing to send you an email or pick up the phone.

This technology has led to significant cost saving for merchants. One has saved an entire man year of costs, allowing them to deploy that individual into a more productive role.

**How it works**

When you've sold wine to a customer, their information is already stored on your system. After you or your customer selects the delivery option online, this is automatically forwarded on to Liv-ex, and we arrange the delivery.

## Ship wine more efficiently

## · Generate customs paperwork seamlessly

If you're moving wine across borders at scale, the customs paperwork, and commercial invoices you need, require accurate Commodity Codes. If you're transporting wine between the EU and UK since the UK left the customs union, the number of forms requiring these codes, and their complexity, are significant.

Each code can take 20+ minutes to manually look-up, and to do so, you need accurate ABV values, pack sizes and vintage-specific designations of origin for every wine. Then the risk of human error in re-keying these 6-10 digit numbers onto multiple forms is evident. Errors can lead to delays at ports, seizure of shipments, and excess customs charges.

This is an ongoing challenge for wine businesses and freight companies worldwide, but one that is particularly being felt on both sides on the English Channel post Brexit. Fortunately, tools are at hand. Liv-ex APIs automatically generate commodity codes and ABVs, substantially reducing the administrative burden.

**How it works**

The LWIN database provides the pack size, region, colour and vintage specific designation of origin information for over 125,000 wines. With this information, the correct ABV value will be returned via an API call to our database of ABV values, which is verified by checks in the Liv-ex warehouses. Finally, our algorithm will return in a split second the correct UK, EU or Singapore commodity code to automatically populate your paperwork.

# 7. Track your account and financial position easily

When you frequently buy and sell on Liv-ex, your financial position will change often. Keeping track of trading limits, invoices, net statements and money owed can be tricky. Liv-ex allows you to track and monitor this easily.

Account APIs bring all this information into your own system. You can see your position, generate current and historic invoices and net statements, and set up alerts as you reach your trading limits.

You can also view information on which members of your team have access to Liv-ex.

All of this makes it more convenient for you to view and monitor you Liv-ex account activity.

## How it works

Account APIs brings a range of account-related information into your system. View your position, generate current and historic invoices and net statements, and set up alerts as you reach your trading limits.

## What you can view in your own system

**Headroom in trading limits**
Set alerts when you reach your limit

**Net amount due to/from Liv-ex**
How much you owe us or we owe you

**Payment due dates**
By when you need to pay us

**Net statements**
Current, historic and in a specified period

**Invoices**
Current, historic and in a specified period

**Membership renewal date**
When your membership is up for renewal

**Your team's access permissions**
Which members of your team have access to Liv-ex

**Your recent and historic trading activity**
See where your trades are in the settlement process

# Outcomes

Gold and Black tier members of Liv-ex enjoy the benefits of automation: increased sales and greater efficiency across their businesses. Today, around a third of trades involve some sort of automation and members who connect see a dramatic increase in trading activity. The chart on the right shows the acceleration impact of automation for just one member – but there are many other stories like this.

An independent study conducted by a Geisenheim University student concluded that trading automation offers a "huge advantage" to wine merchants through increased sales volumes by **250%** and an uptick in new customer acquisition of up to 70%.

Our own data also shows a **7.4x** increase in trade volumes from those automatically broking Liv-ex stock to their customers. Additionally, those who are selling automatically on Liv-ex achieve sales prices on average **7.8%** higher than those who list manually.

For one US-based merchant, the number of items listed for sale on its website increased from 1,000 to 10,000 and it also helped to attract a higher value customer; the type that buys by the case.

Sales are not limited to popular wines and traditional markets. Merchants have reported that a high proportion of sales on Liv-ex via automation are for "slow moving stock", which benefits from being seen by a much greater audience.

## Impact of automation for one Liv-ex member
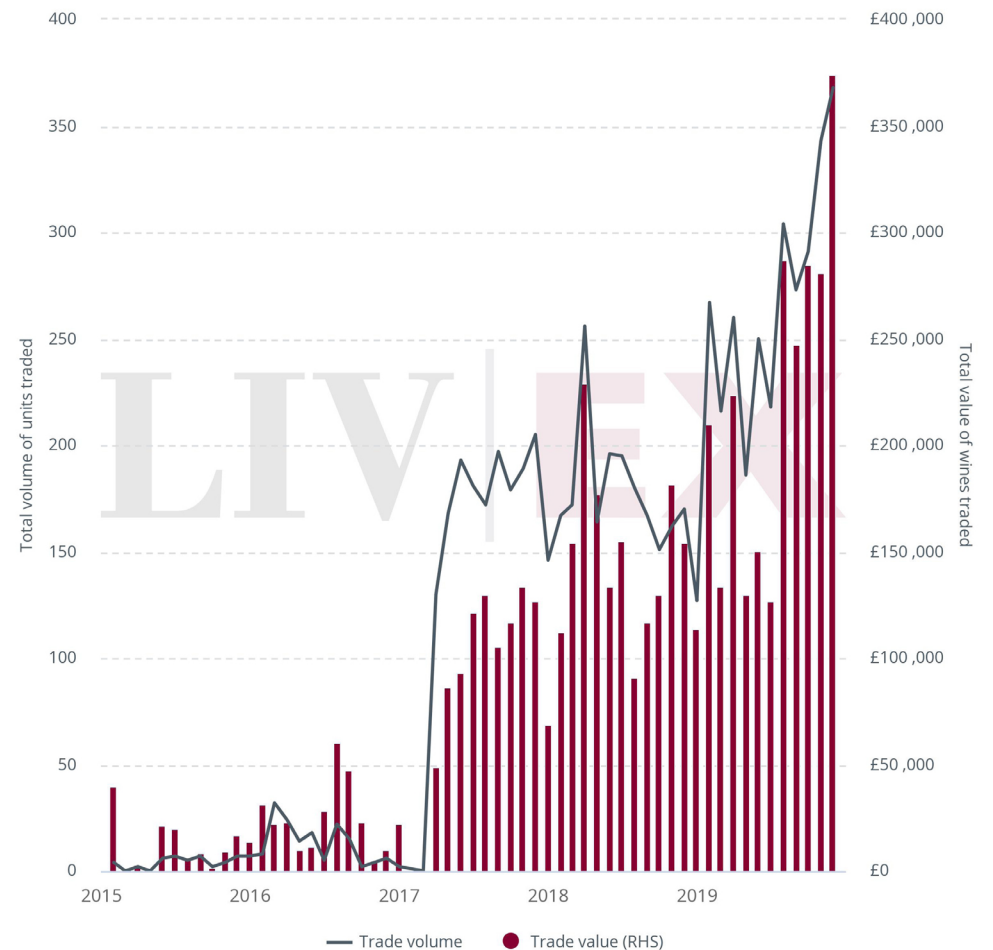
Some are also pleased to wake up to several overnight sales, likely to parts of the world they aren't actively trying to reach.

> "We're connected to Liv-ex 24/7. We wake up in the morning, pour some coffee, check our sales and find that someone from the other side of the country has purchased thousands of dollars of wine while we were sleeping"

– US-based merchant

Other benefits of automation, such as efficiency are less easily measured. One member was able to increase logistics efficiency to such a great degree that a member of staff could be redeployed from repetitive administrative duties into a more productive role.

Our innovations around digital transformation has won us many industry awards, the most recent being The Drinks Business' Supply Chain Initiative of the Year for our ABV database in 2021.

> "Tools such as the new automated trading system mean lists can be uploaded and adjusted in real time, reducing admin and making trading more efficient and accurate."

the drinks business

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# How to get started

## 1. Adopt LWIN

The first step to digitally transform your business is to adopt LWIN – the free, universal identifier for wine. LWIN standardises wine information by assigning unique codes to over 125,000 different wines. It's a lot like the ISBN of the publishing industry. Each wine has a numerical code, which enables systems to speak to each other easily. This is important because wine names are often recorded inconsistently. While a human might know that "Pichon Lalande" and "Comtesse" are the same wine, digital systems have no way to tell. Unique LWIN codes is used by automation tools to read and exchange this information accurately and automatically, as such reducing errors. Bringing LWIN into your system enables you to automate. It also has other benefits: you can send and receive information to and from suppliers more easily and can upload data such as critic scores into your system quickly. For more information about LWIN and to download the free LWIN dictionary containing all 125,000 codes, visit **www.liv-ex.com/lwin**

### LWIN Community

Join 1K+ other users and become part of the LWIN community: stay up to date, connect with product experts and get invited to our quarterly LWIN forums where users share experiences.

## What LWINs look like

Each LWIN refers to the wine itself (i.e. the producer and brand, grape or vineyard). The first six numbers of the code represent each wine's unique identifier, while the seventh number is a "check digit" that minimises input errors.

Additional information, such as the vintage, pack and bottle size can be appended to the LWIN in a standard format, or added as separate fields.

The LWIN standards for including additional data are:

| LWIN | Describes | Wine example | LWIN example |
|------|-----------|--------------|--------------|
| LWIN7 | Product | Leoville Barton | 1012361 |
| LWIN11 | Product + vintage | Leoville Barton | 2009 10123612009 |
| LWIN16 | Product + vintage + bottle size | Leoville Barton 2009, 75cl | 1012361200900750 |
| LWIN18 | Product + vintage + pack size + bottle size | Leoville Barton 2009, 12x75cl | 101236120091200750 |

Leoville Barton 2009, 12x75

## 10123612009 12 00750

Wine name    Vintage    Pack    Bottle

## 2. We're here to help you get set up!

The Liv-ex team is here to help guide you on the best way to get started, which will depend on the current systems that your business uses. You might find that automation is easier that you think – particularly if you're already using one of the systems that have been designed to support it, like Bevica or Vintner. Regardless, we're here to support you throughout your digital transformation journey!

If you're an existing member of Liv-ex, your Account Manager will be able to advise you on which elements of automation might be most relevant to you. If you are not yet a Liv-ex member, you can fill in **this** form and we`ll call you back to discuss how we best can meet your automation needs.

## 3. Use our resources for developers

If you have an in-house tech lead, or work with a developer, share our developers page with them. You can find it at **www.liv-ex.com/solutions-developers**. It contains all the relevant documents that they'll need to get started, plus technical webinars and other resources.

If you don't have a developer partner already, we can help you to find one. We have a list of businesses and freelancers who have already successfully delivered automation for many of our members.

# Concluding thoughts

Digital transformation is presenting a range of opportunities for innovation. Wine businesses who successfully embrace technology and use it to streamline manual and resource-heavy processes stand to benefit. The growing number of Liv-ex members using our APIs are seeing demonstrable improvements in efficiency and benefits to their bottom line.

For some, automating what can be a traditional business is a daunting prospect. Liv-ex has helped merchants of all shapes and sizes through the transformation process to help them accelerate ahead of their competitors. We'd be happy to do the same for you and your business in one or more of the seven use cases contained in this report.

# LIV|EX
## THE FINE WINE MARKET

Liv-ex is the global marketplace for the wine trade. It has over 560+ members from start-ups to established merchants and supplies them with the data, trading and logistics services they need, to price, buy and sell wine more efficiently.

Liv-ex was founded in 2000 by James Miles and Justin Gibbs. It started with a group of 10 founding members in London, and a vision to make fine wine trading more transparent, efficient and safe.

Liv-ex publishes the actual prices at which wines are transacted. Its platform contains over £100m of firm buying and selling opportunities in over 20,000 wines. All are available to trade in real-time. Liv-ex conceived the Standard-in-Bond (SIB) contract to assure stock condition, delivery and faster payment and provide cost-effective logistics and storage solutions. Its APIs can automate much of this to further improve its merchant members' gross profits.

For more information visit www.liv-ex.com[1] or get in touch today[2].

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