LIV|EX
THE FINE WINE MARKET

How to automate and accelerate your wine business

Technology and the wine trade

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.

Then came the internet, which made information sharing far more efficient. Visiting several websites and searching for prices was quick and easy compared to sifting through piles of paper.

More recently, automation is making it quicker and easier for some merchants to do business, accelerating their performance and profits.Today, around a third of trade on Liv-ex involves some sort of automation.

Members who sell on Liv-ex using automation sell over twice the volume as other members, at an 8.8% higher price, and without any additional admin or listing costs.

Members who enable their customers to buy on Liv-ex using automation are giving them access to many more opportunities. The acceleration they can expect as a result is a six-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 to realise similar improvements to their operation, service and margin.

Increase in automated trades over time
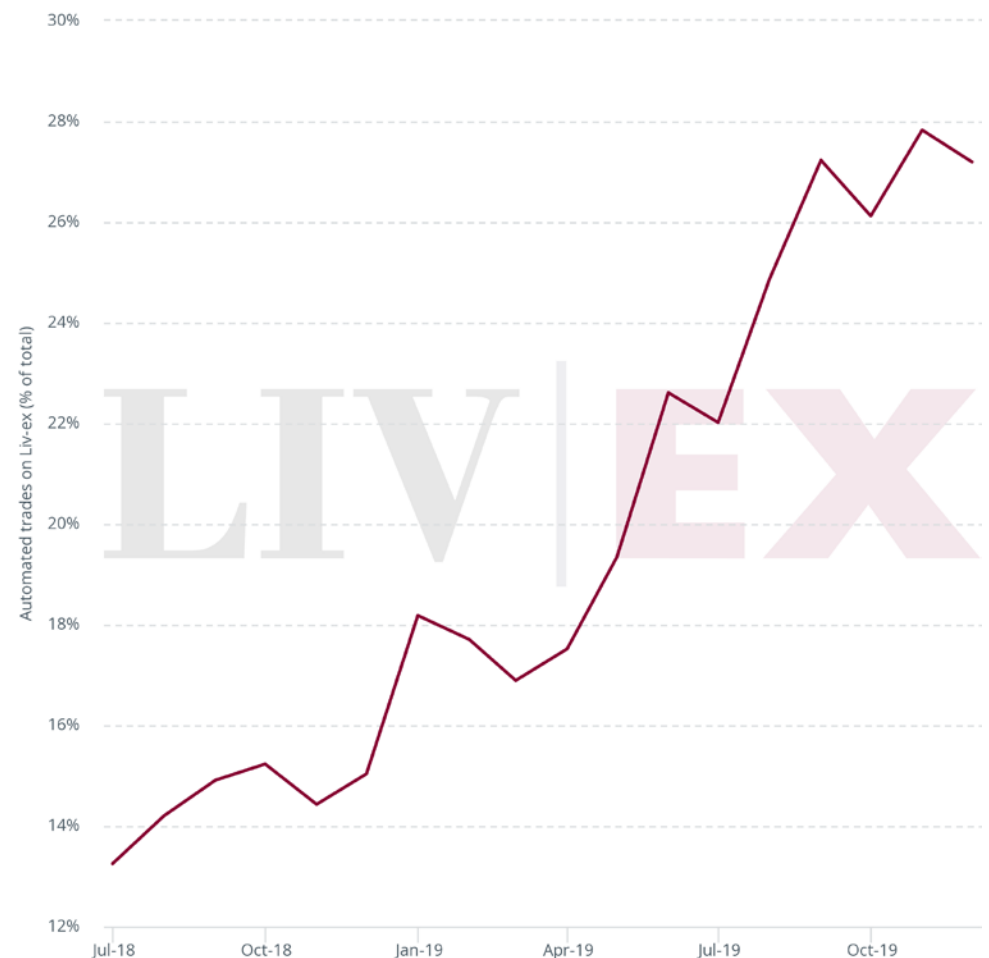
What is automation?

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.

APIs facilitate calls to a server that houses databases and services. They also allow developers, applications and sites to tap into them more easily.

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
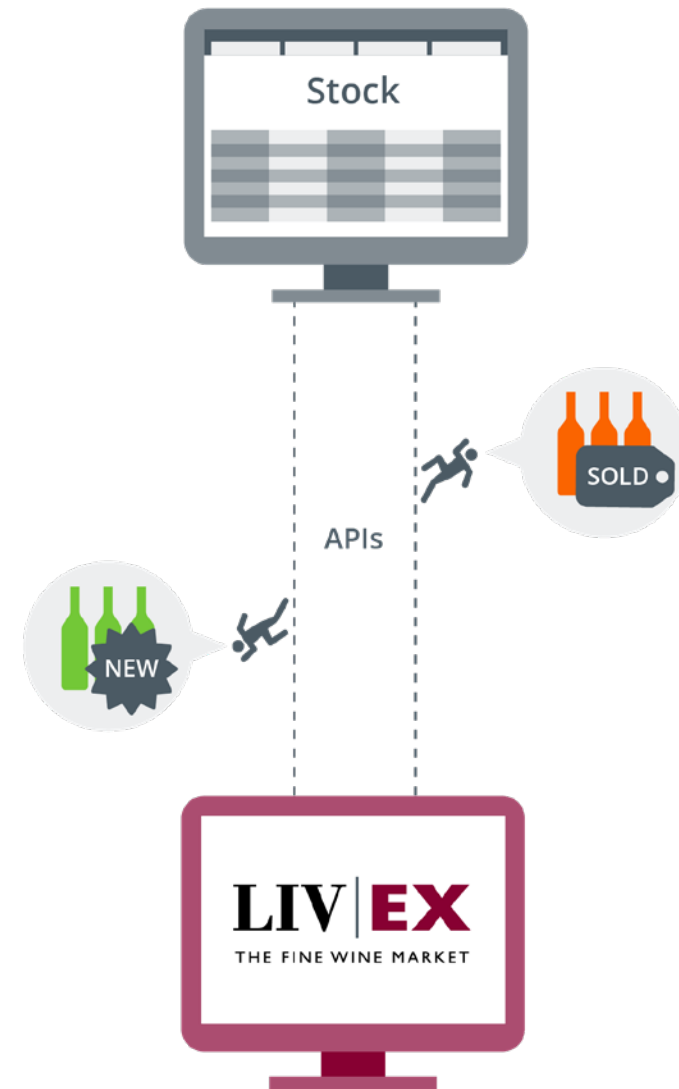
1. Bring prices into your system

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 Liv-ex into your internal systems. This makes it easy for you to see price data alongside your stock information, all in one place.

Members using this say that it helps them to find the price of wine faster, and that it gives confidence to junior staff when speaking to customers.

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 to your ERP or similar system and displays them alongside your other product information for a 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

2. Find the best trading opportunities – faster.

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. You can then customise your view of the market by creating a separate list of wines that you or your customer is interested in. 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. You can specify groups of wines – your list, or a customer wish list, for example – and view live data on these separately.

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3. Increase your offering. Grow your sales.

Using just a handful of APIs, you can offer thousands of products from Liv-ex to your customers. These wines, 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 has a large and frequently changing offer list helped to engage their existing customers, but it has helped them to 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 offer on your website with your commission and fees added on top.

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

Wines are listed on Liv-ex until marked as sold on your system. 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.

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 ecommerce 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.

Offer your stock to thousands of buyers worldwide

5. Offer private client storage – digitally

Here's a dilemma: Running a warehouse is expensive, time-consuming and fraught with risk, but 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, such as price performance. 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.

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6. 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.

Deliver to your customers using Liv-ex

7. Track your account and financial position easily

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

Account APIs bring all of 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 your Liv-ex account activity.

How it works

Account APIs can bring a range of account-related information into your system. You can fully customise your view, and how statements and invoices look and are generated.

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

8. Get thousands of critic reviews instantly

Showing critic reviews on your website can help you to sell wine but adding them is time consuming.

With the Critic Reviews API, you can bring thousands of scores and notes into your system and website automatically. This saves time – no more copy/paste! – and ensures total accuracy.

All you need is a licence with the relevant publication and a Liv-ex Gold membership.

How it works

Liv-ex collects scores from leading publications, which it can then send on to you via API if you have the relevant licence. You can bring this into your stock system, so that your staff can view it easily, and onto your website for your customers to see.

The most up-to-date information on which publications are offering this service with Liv-ex is on our website.

9. Stay in sync with LWIN

LWIN is the universal identifier for wine and spirits. Its database is vast. As well as providing unique codes, it contains extensive information – region, sub-region, colour, classification, user-friendly display name, and more – for over 80,000 different wines. And it's constantly growing.

Using LWIN APIs, you can stay in sync with it automatically. This means no more manual updates, saving your team time.

The APIs also give you access to information about valid vintages, vintage-specific names, and when a wine changes its name depending on a vintage.

How it works

The LWIN APIs connect your system to Liv-ex LWIN database. They automatically provide all key information required for an accurate product identification and keep your system updated if any changes take place (e.g. addition of a new vintage, invalid vintage deletion, classification change).

Results

Gold 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.

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

Our own data shows a 5.9x 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 8.8% higher than those who list manually.

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. Some are also pleased to wake up to several overnight sales, likely to parts of the world they aren't actively trying to reach.

Impact of automation for one Liv-ex member
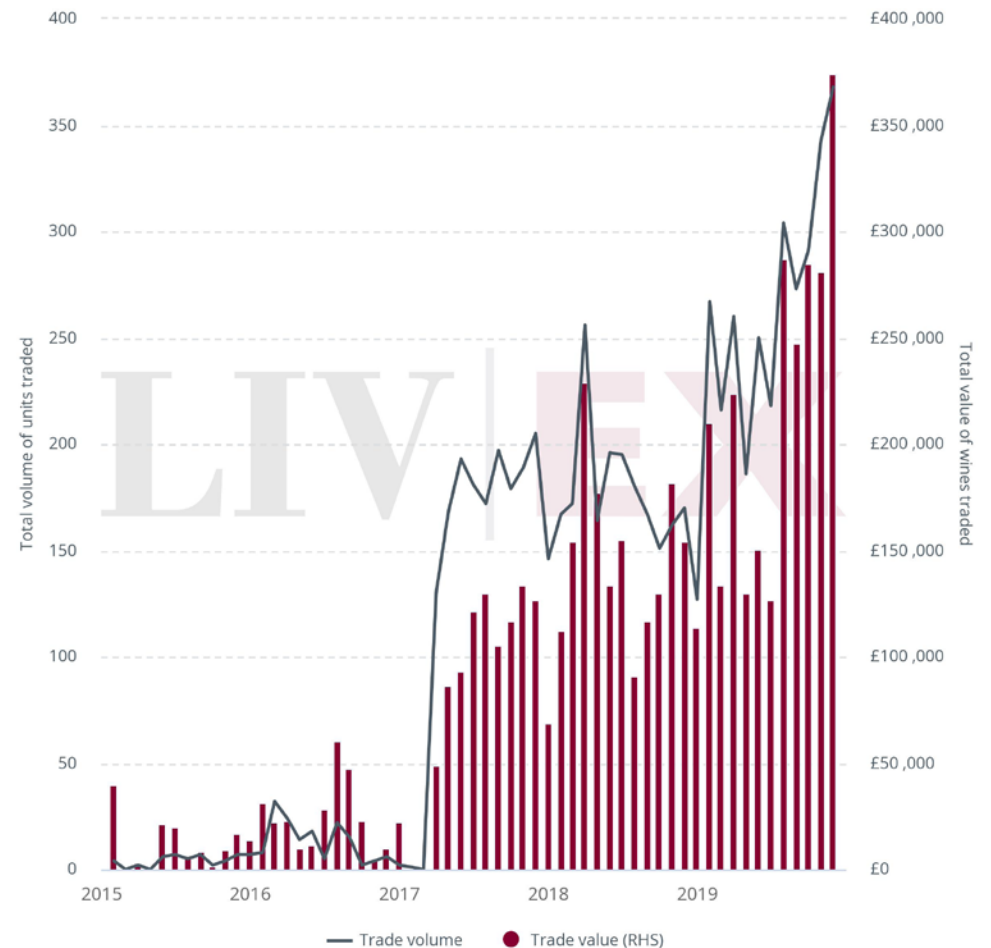
Other benefits of automation, like efficiency and customer happiness, are less easily measured. One member shared their feedback on the advantage of seeing price information in his own system: "The biggest benefit of automated trading is the freedom to use our unique environment without consulting the website multiple times a day".

Another member was able to increase logistics efficiency to such a great degree that a member of staff was relieved of repetitive administrative duties and redeployed into a more productive role.

The drinks business recognised these advantages when it awarded Liv-ex Supply Chain Initiative of the Year for automaton in May 2019.

> "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

LWIN – the free universal identifier for wine – is the language used by automation tools when exchanging information about wine.

LWIN standardises wine information by assigning unique codes to over 80,000 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 enable systems to read and exchange this information accurately and automatically.

Bringing LWIN into your system enables you to automate. It 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 80,000 codes, visit www.liv-ex.com/lwin

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: 1234567 – Example winery, Cabernet
- LWIN11: 12345672012 – Example Winery, Cabernet, 2012
- LWIN16: 1234567201200750 – Example Winery, Cabernet, 2012, 750ml bottle size*
- LWIN18: 123456720121200750 – Example Winery, Cabernet, 2012, 12 bottles of 750ml

2. Request a free consultation

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 you use in your business. 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. They can also put you in touch with one of our in-house automation consultants who can advise you free of charge.

Our consultants can help non-members to join Liv-ex and to get started straight away.

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.

3. Use our resources for developers

If you have an in-house tech lead, or work with a developer already, 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 delivered automation for members successfully.

Further information

If you have a tech lead or work with a developer, send them to liv.ex.com/developers where they can find further technical information.

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Concluding thoughts

For any business, there's always an opportunity to do things smarter; a way that can benefit both their customers and their bottom line. Businesses who successfully embrace technology and use it to streamline resource-heavy operations stand to benefit. This is what we're seeing in our data here at Liv-ex. The growing number of members using our automation APIs are seeing demonstrable improvements in effectiveness and efficiency.

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 470 members from start-ups to established merchants and supplies them with the data, trading and logistics services they need, to price, source 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 £60m of firm buying and selling opportunities in over 15,000 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].

1   https://www.liv-ex.com
2   http://bit.ly/LXGetInTouch