

LWIN - a common language for fine wine

Unique and universal identifiers exist for almost every product bought and sold today – commonly introduced to remove ambiguity and increase confidence and efficiency in supply chains. The fine wine market has long suffered from problems associated with complex product names, making transactions prone to error and delay. Yet despite the high value of the product and its unique supply chain, it was not until 2011 with the introduction of the Liv-ex Wine Identification Number (LWIN) that an industry standard was available for fine wine. Neil Taylor, Head of Data services at Liv-ex, takes a look at the role and value of universal identification in the fine wine market.

Identifying exactly the right book, retail product or house amongst many millions of others is nothing new for the professionals and traders in these industries. For the book industry it is the International Standard Book Number (ISBN), for the retail sector it is the Global Trade Identification Number (GTIN), whose agencies administer the barcoding system, and for property in the UK it is the Unique Property Reference Number (UPRN). Each is a standardised and universal numbering system that is designed to avoid error in communication, transfer and referencing. They remove the need to rely on written descriptions and provide the key to establishing which item in one database corresponds to which item in another database – especially valuable in transactions between organisations.

Why is unique identification relevant to fine wine?

Fine wine producers and traders have traditionally adopted different naming conventions for their products, often depending on which parts of the wine label they feel are the most important. It is an issue the industry has adapted to for hundreds of years and is further compounded by variations, abbreviations and contractions. “Grange” for example, is widely understood as “Penfolds”, despite there being over 200 wines with “Grange” in their title.

For humans it is possible (although not always) to understand the subject matter. The same cannot be said for computers. Very rarely is the full name of a wine used. Even less frequently is it written or keyed consistently in every system, document or form when fine wine is created, transported, marketed, bought, sold or stored. In fact, details of wine are commonly recorded more than ten times for a single transaction and repeated many times over in the life of a wine.

The value of fine wine traded across the globe has grown to an estimated \$4bn annually today. This figure points to a growing audience for fine wine and rising volumes being traded in every part of the world, particularly via the internet. Increased demand, greater price transparency and lower margins are driving the need for efficiency through technological automation. The imperative is for transactions to be ‘right first time’.

So why is it so important for computer systems to communicate?

Errors cost time and money. Computer systems need to be able to communicate to increase automation and efficiency, grow capacity and reduce error. It takes time to manually transfer details from fine wine stock and storage systems to a warehouse system; or from a sales ledger to the ‘goods out’ process. Even the most conscientious administrator can make mistakes. By introducing its own standard identifier the fine wine market can reduce costs and trade settlement times and remove risk. Ultimately the aim is to increase confidence across the supply chain and improve the experience for stakeholders and collectors at every stage.

What is LWIN?

First introduced in 2011, the Liv-ex Wine Identification Number (LWIN) is a unique seven-digit numerical code designed to quickly and accurately identify an individual fine wine product. It enables messaging between systems and over the internet, allowing the trade to share information more easily.

LWIN enables wine companies to keep their preferred naming system, while introducing a new universal code. Each LWIN refers to the wine itself i.e. the producer, brand 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 including the vintage, pack and bottle size

can be appended to the LWIN in a standard format. Alternatively, this data can be added as separate fields.

LWIN creates a common, consistent language, solving problems of re-keying and mismatching by linking wine naming conventions from many different sources to a single identifier. For Liv-ex, LWINs are a foundation for the fine wine Exchange, from managing and sharing price data to maintaining the efficiency of Vine's storage, settlement and distribution services.

How to adopt LWINs

Today LWINs exist for every wine listed or traded on the Exchange or stored with Vine. A new LWIN is generated for each new wine added to them. Liv-ex ensures LWINs are accurate and up to date for all wines in which its members have an interest.

LWINs are freely available under terms derived from OpenData¹ licence terms. Today, Liv-ex provides services that allow any fine wine system to be connected to the LWIN database to search and match wines. It helps members to gain considerable efficiencies in their internal systems and in supply chain communications, as well as transactions undertaken via the Liv-ex Exchange and Vine.

Many merchants, brokers and funds now have LWIN embedded in their systems and are more easily able to share information electronically, helping to grow their capacity. In early 2015 an online tool will be launched to enable the upload, matching and cleaning of complete wine lists by anyone. This will simplify the ability to adopt LWIN into existing systems.

[London City Bond](#), [Vinotheque](#), [eRobertParker](#) and Liv-ex have all adopted LWIN and so members and customers of their systems and services are already likely to be users of LWIN. Fine wine management systems – including Vision and Vintner – and Enterprise Resource Planning (ERP) software from Microsoft and Magento have also incorporated the LWIN structure. This gives another option for merchants and logistics providers to adopt LWIN.

Looking ahead

In a fragmented, changing and increasingly global marketplace, there is a growing recognition of the need for simplification. LWIN was created to meet this need: it is a common language that anyone can adopt. Looking ahead, continuous change – particularly technological change – is inevitable as fine wine market stakeholders seek to benefit from new efficiencies and opportunities presented. For LWIN to remain relevant it will have to evolve and develop to meet the needs of the market. As its custodian, acting on behalf of the market, Liv-ex will work in collaboration with LWIN users to ensure that it does.

About Liv-ex

Liv-ex (London International Vintners Exchange) operates the fine wine marketplace – a global network of 440 members comprising merchants, traders and funds spread across 35 countries - with a simple means to collaborate via an electronic trading platform. Liv-ex also offers real time and historic market data as well as settlement, storage and distribution services built specifically for fine wine. Its vision is to make fine wine trading more transparent, efficient and safe for the benefit of its members and the market as a whole.

¹ <http://opendatacommons.org/>