Michigan’s Wine Industry Evolves

Michigan’s wine industry has undergone significant transformation over the past 25 years, with changes in the varieties of grapes grown and used for wine, the styles of wine produced, the quality of wine available, and the facilities open to the public.

Changes in Michigan’s Fruit Industry

Global competition in other commodity fruit crops has elevated the potential for wine grapes as a significant contributor to the fruit industry in Michigan. Value-added or entrepreneurial agriculture is identified as a means of preserving rural spaces valued by Michigan residents. The wine industry offers the agribusiness owner the opportunity to maintain a farming business with a satisfactory return on investment. The strength of Michigan’s wine producing regions as tourist destinations further supports the potential for growth in the industry.

Michigan Grape and Wine Industry Council

The Michigan Wine Institute and its successor organization, the legislatively created Michigan Grape and Wine Industry Council have played important roles in supporting the industry. Administered by the Michigan Department of Agriculture, the Council directs promotional programs and funding of research to assist the wine grape industry.

Continued Growth Potential

While growth of the industry in the past 25 years has been satisfactory, the pace of growth has fallen short of some emerging wine producing regions in the Great Lakes region. Obstacles to a more accelerated growth have been identified by the industry. As these issues are addressed, the contribution of the wine industry to Michigan’s economy can rise dramatically in the years ahead.
Growth of Michigan’s Wine Industry in Past Quarter Century

Wine Grape Acreage
Michigan’s 1300 acres of wine grapes are concentrated in four counties—Leelanau, Berrien, Grand Traverse and Van Buren. Wine grape acreage has increased 24% since 1997, placing Michigan 8th in wine grape acreage in the nation.

Varieties Grown
Over the past 25 years, the varieties of wine grapes grown in the state have changed dramatically, with the majority of new plantings in vinifera varieties, the well-known wine grape varieties of Europe. A total of 39 different varieties of grapes are now used for winemaking in Michigan.

Michigan’s juice grape industry also continues to grow, with recent plantings in the white grape, Niagara, representing much of the increase. There are approximately 12,000 acres of Native varieties in Michigan, mostly Concord and Niagara.
Winery Development
Several Michigan wineries were closed with the enacting of Prohibition in 1920. St. Julian Wine Company, of Paw Paw, is the only operation that re-established in Michigan following repeal and continues to flourish into the 21st century. Other wineries started and failed over the past 50 years for a number of reasons, including lack of response to consumers’ changing preferences in wine, under-capitalization, less suitable vineyard and/or tasting room locations and changes in owners’ goals for the business.

Eight Michigan wineries have been in business for at least 25 years (year winery established):

- St. Julian Wine Company (1921)
- Warner Vineyards (1939)
- Tabor Hill Winery (1970)
- Fenn Valley Vineyards (1973)
- Chateau Grand Traverse (1974)
- Leelanau Wine Cellars (1977)
- Boskydel Vineyard (1976)

The Michigan Winery Experience
There is a wide range of products, services and experiences that can be enjoyed by consumers visiting Michigan wineries. Some wineries have specialized in wines from particular varieties or styles of wine produced. All offer guests small samples of wine for tasting and most offer educational tours. Overnight accommodation is available at several wineries. Wine tasting rooms in locations around the state are operated by several Michigan wineries. Some wineries have on-site vineyards, available for touring. One winery operates a restaurant and many conduct special wine dinners and events.

Global Wine Industry Growth
While Europe has long dominated world attention for wine production, new wine producing regions have developed around the world. In addition to Michigan, other emerging wine regions include several U.S. states, Australia, New Zealand, South Africa, Chile, Argentina, Ontario and British Columbia.

Michigan table wines will never be cost-competitive in lower price categories with wines produced in warmer climates, with greater access to inexpensive labor sources or proximity to major markets. However, wineries can be viable Michigan agribusinesses when they successfully specialize in cool-climate styles and varieties, produce quality wines in a range of price categories, and capitalize on consumer interest in combining education and agri-tourism experiences with wine purchasing.
Market Share Increase in Michigan
Since 1995, sales of Michigan wine in Michigan has risen 40%. Sales of all wine in Michigan has risen 27% during that time, demonstrating the gradual rise in market share of Michigan wines in recent years.

While Michigan wines are available in several Midwest states, the vast majority of the state’s production is sold within the state, often at the winery location. The current restrictions on shipping Michigan wine to consumers in other states forms a significant barrier to growth of the industry.

Wine Quality
In the past three years, recognition of Michigan wines as world-class wines has been aided by better representation on the wine lists of some of the state’s leading restaurants, reports by visiting “experts” and prestigious awards won in competitions. The Michigan State Fair Wine Competition, sponsored by the Michigan Grape and Wine Industry Council, now attracts some of the nation’s leading experts as judges.

Global competition for wine sales is increasing, and some emerging wine regions of the world are reaping benefits of quality improvement similar to Michigan’s. Many in the industry recognize the importance of continually raising the quality of Michigan wines and the critical need to communicate this evolution effectively to consumers and influential media experts.

Michigan State University
Research and Extension activity at Michigan State University assists many members of the wine industry as they determine the best vineyard practices and the best varieties and clones for Michigan’s unique soil and climate conditions. A new two-year Agriculture Technology diploma program in Viticulture and Enology was launched at MSU in 2001 and will contribute technically trained personnel to support future growth of the industry.

Contributions to the Michigan Economy
A study released by Michigan State University’s Department of Park, Recreation and Tourism Resources in February 2002 confirmed the importance of the wine industry to local, state and federal tax revenue, through the agricultural, food processing and tourism economies of Michigan.

The economic impact of Michigan’s wine industry is estimated to exceed $75 million annually.

Agricultural Tourism Potential
Surveys of leisure travelers at Michigan’s Welcome Centers confirmed the interest in agricultural tourism by the public. Twenty-eight percent of those surveyed planned to or had visited an agricultural tourism attraction on their current trip. Nearly ten percent of those surveyed planned to or had visited a winery on their current trip.

Over 600,000 people annually visit Michigan wineries. Many include an overnight stay in the region, as part of their travel experience to the wineries. This generates additional revenue ($16.6 million annually) and jobs (153 full time employees) for local communities surrounding the wineries.
Growth Potential for Michigan’s Wine Industry

The experience of Michigan agribusinesses dedicated to wine grape growing and winemaking in the past 25 years clearly demonstrates that Michigan can support a viable wine industry. Product quality is well-established and consumer acceptance is high, from both a product standpoint and as a tourism experience.

Accelerated growth of the industry is a realistic goal, if some of the obstacles that hinder growth can be addressed.

1. Private Investment in the Industry is Needed

The wine industry is capital intensive, complex and requires marketing sophistication. There are challenges in the areas of the regulatory environment, labor supply and profitability for new entrants to the industry. In spite of these challenges, there are rewarding opportunities in Michigan’s wine industry that provide continued growth potential. There is land available throughout the state for wine grape vineyards. Some locations offer a wider choice of wine grape varieties and access to tourism traffic than others.

Capital projects in the millions of dollars are currently underway at several existing wineries. Continued investment accelerates increased production and promotion of high quality products. A long-term commitment to achieve profitability of operations is necessary on the part of any investor or entrepreneur. Influx of new personnel to the industry will inject new expertise and provide active examples of successful production and marketing practices.

2. Increased Market Access is Critical

Improved market access to consumers is necessary to achieve increased economic potential for Michigan’s wine industry. Finding the means to work both within and outside the distributor network (three tier system) to sell and deliver product efficiently to a growing consumer base, is one of the major challenges facing the industry today. Wineries in Michigan need to have increased access to the consumer through:

- The ability to sell direct to consumers outside the state
- An openness on the part of local communities to retail activities, including restaurants, lodging operations, and special events at the winery location, subject to reasonable local ordinances
- The opportunity to sell wine at specially licensed farm markets and special events away from the winery location

3. Ease Regulatory Burden

Michigan wineries face a maze of local, state and federal regulations that can significantly deter or impede investment. Cooperation is needed between government agencies to remove significant administrative start-up hurdles in licensing, inspection and taxation. Assistance for the industry is needed in interpreting permitted marketing practices under the liquor control code, food code, labeling, crop insurance, roadside signage, etc. Legislative efforts must occur to revise laws to create a more winery-friendly state.

The Michigan Grape and Wine Industry Council recently began work on a Resource Kit for wineries to assist in the interpretation of regulations for existing members of the industry and to guide potential growers and investors in developing a winery business.
4. Cooperative and Strategic Planning
In order to realize the industry’s potential, continued cooperative and strategic planning must continue on a number of levels.

1. Regional wine marketing associations need ongoing state and local support to continue to promote the wine regions of the state as winery touring destinations.
   - Leelanau Peninsula Vintners Association
   - Southwest Michigan Wine Trail Association
   - Wineries of Old Mission Peninsula

2. The formation of a statewide wine producers association would provide a forum to develop united positions on issues that affect the wine industry.

3. Leadership at the state level must be maintained in the Michigan Department of Agriculture, supported by funding from the Michigan Liquor Control Commission and implemented by the Michigan Grape and Wine Industry Council.

Michigan Grape and Wine Industry Council
The Michigan Grape and Wine Industry Council provides an important forum for statewide collaboration in research, promotion and professional development to meet the changing needs of this exciting growth industry. Members of the ten-member council meet regularly to work with Department of Agriculture staff to implement programs to support the industry. Council members represent a variety of interests in Michigan’s wine industry (wineries, grape growers, wine retailers, wine distributors, Michigan State University, Travel Michigan, the Michigan Liquor Control Commission and the Michigan Department of Agriculture).

Continuing efforts to address obstacles to growth by the Michigan Department of Agriculture, through the Grape and Wine Industry Council, is important for the future of the industry.

Other key priorities of the Council include:

- Promoting Michigan wines
- Funding research to assist wine grape growers
- Providing professional development opportunities for the industry

An annual report summarizing the activities of the Council is available from the Michigan Department of Agriculture.