



TRENDS  
Tortillas

# the Tortilla Evolution

This category continues to experience tremendous growth and a brighter future.

by Beth Day

Who doesn't enjoy the taste of a fresh, warm tortilla? After all, they have become a food staple in American homes. The US tortilla industry has seen growth that's been influenced by an ever-increasing Hispanic population and the continued popularity of Mexican foods and perception of ethnic cuisine. Tortilla manufacturers are meeting consumer preferences by creating products that offer fresh, healthier alternatives, more variety and new usage options that expand beyond traditional Mexican dishes.

## Fastest growing bakery segment

Globally, the bread and baked goods market is expected to grow by approximately \$310 billion by late 2015, according to Transparency Market Research (TMR). And tortilla markets have flourished over the past five years, making it the fastest growing segment within the baking industry, according to an IBISWorld report on tortilla production in the US market.

"The tortilla industry has enjoyed a 9 to 10% rate of growth over the past 10 years, due in large part to an increase in the Hispanic population and to the growing popularity of tortillas among non-Hispanic consumers," said Jim Kabbani, CEO, Tortilla Industry Association (TIA). The group represents tortilla manufacturers, as well as suppliers and distributors around the world, and companies with interests in the rapidly expanding industry.

According to TIA's "State of the Market Report" at last

year's 2014 Technical Conference, total sales for flour and corn tortillas reached slightly over \$11 billion in 2013.

## A little history

Often referred to as "Mexico's everyday bread," unleavened tortillas are round and flat, resembling a thin pancake. They can be made from either corn cooked in a lime-based solution, corn flour to produce a dough or masa, or wheat flour. The dough is formed into flat disks, and they are traditionally baked on a griddle or comal.

The first tortillas date back 10,000 years before Christ and were made of native corn's dried kernels, ground into a coarse flour. According to historical accounts recorded by the Franciscan Friar Bernardino de Sahagun (1450-1590), the Aztec diet was based on corn in the form of tortillas and tamales along with plenty of chilies in many varieties. Historically, corn was the only grain used to produce tortillas, but today wheat flour tortillas have a slight edge over corn varieties.

"Mexicans have been wrapping a tortilla around meat and eating it going back to the days of the Aztecs," said Gustavo Arellano during an interview in the *Christian Science Monitor*. Mr. Arellano is a journalist in Orange County, CA, and author of the book, *Táco USA: How Mexican Food Conquered America*.

He said that during the Mexican Revolution, "refu-

Tortilla manufacturers are broadening their reach by expanding offerings to include low-carb and gluten-free flour tortillas. *La Tortilla Factory*

gess brought the food of their homeland into Southern California around the 1920s, where the first famous tacos were taquitos."

Many Tex-Mex and Mexican-style restaurants, like Chevy's, El Guapas and Uncle Julio's, now cook many of their tortillas in open kitchens in their restaurants in front of customers and patrons.

## Hispanic influence, non-Hispanic interest

The increasing numbers of Hispanic consumers — and the influence of Hispanic foods and flavors on mainstream American food — significantly impact the success of tortilla sales. The US Hispanic population totaled more than 55 million this year, according to an IRIWorldwide webinar, "Connect and Grow with Hispanic Consumers." The US Census Bureau projected that number to grow to almost 60 million by 2020, composing more than half of the population.

"One contributing factor as to why tortillas are in hot demand is the continued popularity of Hispanic meals," said Julie Nargang, vice-president of marketing/innovation, Azteca Foods, Chicago.

Tortillas outsell many traditional American staples like spaghetti or hamburger and hotdog buns, and all other fresh types of rolls, buns, croissants and bagels, according to "Hispanic Foods and Beverages in the US 5th Edition, 2012," a report by Packaged Facts. Overall, the US market for Hispanic foods and beverages surpassed \$8 billion in 2012, and it's expected to reach \$11 billion in 2017.

"Mexican food offers a more healthy option to the non-Hispanic buyer with the same fast and convenient service as more traditional segments," said Alex Nin, general manager, Tortillas Inc., Las Vegas. "Don't forget that Mexican food also offers more variety and bold flavors. People are getting tired of burgers and fries."

Hispanic foods and beverages appeal to a wide variety

of consumers, not only to the growing Hispanic population but also to multicultural consumers and foodies, according to David Sprinkle, research director and publisher of the Packaged Facts report.

"Non-Hispanic consumers perceive that tortillas are a healthier alternative to sandwich bread," Mr. Kabbani said. "If you are craving a McDonald's hamburger, you can now have it wrapped in a tortilla."

Tortillas are not just for traditional Hispanic foods anymore. "They have become a staple in family menu planning due to their versatility, being used in both Hispanic and non-Hispanic meals," Ms. Nargang said.

Hispanic consumers exercise greater buying power than any minority ethnic group, according to IRIWorldwide. This year Hispanic consumers wielded 53% of the purchasing power among consumers, amounting to \$1.5 trillion, due to larger families and younger wage earners in their prime earning years. Almost 73% of those surveyed in the Packaged Facts report acknowledged they use Mexican foods and ingredients; however, usage rates among Hispanics were a whopping 84%.

## Profitable industry

Tortillas may be a "food delivery vehicle" for consumers, but TIA describes them as a "results delivery vehicle" for the 381 tortilla businesses in the US tortilla industry today.

In the 52 weeks ending June 14, dollar sales in the fresh hard/soft tortillas/taco kits category increased nearly 6% to \$2.28 billion over the prior 52-week period, while unit sales rose 4.6% to more than \$1 billion, according to IRI. Setting the pace was Mission Foods, Inc., Dallas, a division of Gruma S.A.B. de C.V., Monterrey, Mexico. Mission Foods had dollar sales of \$6.95 million, up almost 12% from a year ago, while unit sales increased nearly 11%, according to IRI. Joining Mission





## “The US market for tortillas is far from saturated, as consumers continue to adopt them as a main staple to their diets.”

Jim Kabbani, Tortilla Industry Association

Foods and Gruma in the Top Five producing vendors were General Mills, Minneapolis, and Ole Mexican Foods Inc., Norcross, GA.

According to IRI, Santa Rosa-based La Tortilla Factory brands were in the Top 20 per the latest 52-week period. La Tortilla Factory hard/soft tortillas/taco kits sales increased more than 37% to more than \$32 million, and the company's Smart & Delicious hard/soft tortillas/taco kits posted dollar sales of \$14.7 million.

Chicago-based Azteca Foods/Baja Trading Inc. refrigerated tortillas topped other vendors in the refrigerated tortilla category with dollar sales of \$28.3 million, as reported by IRI.

### A healthier alternative

Increased demand for fresh, nutritional foods also prompts innovation and the creation of a greater variety of tortillas and wraps using premium ingredients.

“With trends to not ‘diet’ but to take initiatives to eat healthier, consumers continue to seek out products that will support their specific needs,” Ms. Nargang said. “Azteca’s entire product line offers healthier options for consumers,” she added.

Azteca Foods’ 12-SKU product platform is anchored by four flour tortilla options that feature no preservatives and no artificial colors or flavors. Other healthier options include two sizes of flour tortillas with added calcium and vitamin D, a tortilla made with and organic, whole grain and low-carb choices. In addition, Azteca’s Taco Salad Bowl/Salad Shell delivers the same restaurant quality in a product that is baked, not fried.

In addition, shoppers are becoming more and more knowledgeable, and they want to know what is in their foods and where it comes from. “I think the consumers are reading the product ingredient lists more now than ever before, and it’s a positive thing,” Mr. Nin said. “This year, Tortillas Inc. is working to add some organic products.”

La Tortilla Factory successfully launched its low-carb flour tortilla last year. In general, carbohydrate levels are important to consumers who are monitoring their nutritional intake.

“Low-carb tortillas remain a steady SKU in the category today despite the rise and fall of the ‘low carb’ diet many years ago,” said Sam Tamayo, vice-chairman, La

Tortilla Factory. “The flour option adds another variety to our popular whole wheat low-carb tortilla.”

### Versatility and usage occasions

Tortillas are second only to white bread in popularity. They come in sizes that fit whatever usage possibility consumers can dream up. In a culture where families are pressed for time and searching for easy menu solutions, tortillas offer a portable and convenient alternative.

“Many consumers now opt for tortillas as wraps in place of traditional sandwich bread,” Ms. Nargang said. “Because of their versatility, they transcend food types and meal dayparts, and they are the perfect carrier to most any ingredient.”

Tortillas can be eaten plain or wrapped around various fillings. They are the food delivery vehicle not only for traditional Mexican foods like enchiladas, burritos, and tacos but also for many other non-traditional foods and dishes. Manufacturers are thinking outside the box producing tortillas that can be used for sandwich wraps, pitas, pizzas, breakfast meals and even desserts.

“Health consciousness is at play in tortillas as a stand-alone snack or for use in meal preparation,” Mr. Tamayo said. “They are very user-friendly for filling with healthy and wholesome ingredients.”

### Adventurous foodies

Another group driving interest in Hispanic-themed products are “ethnic explorers” — consumers who like a variety of global flavors in their foods but who often purchase different items than native Hispanic households, according to Nielsen Perishables Group research supplied by the International Dairy-Deli-Bakery Association.

America’s diverse population exposes consumers to different cuisines and new flavors, and they like to try new foods. Seventy-seven percent of Americans eat ethnic foods while dining out at least once a month, and more than one-third order ethnic food weekly, according to Technomic.

The Chicago-based research firm recently compiled a list of the most popular ethnic cuisines for *Parade Magazine*. Mexican cuisine was second among the Top 10 most popular at 74%, joining Chinese and Italian cuisine in the Top Three. However, what is considered an ethnic food is different for different people.

“Along with Italian and Chinese food, Mexican food is one of the three main cuisines that are simultaneously ethnic and mainstream for the American consumer,” Mr. Arellano said.

Ofentimes, consumer interest depends on geography. Typically, the Western region of the US boasts the highest tortilla dollar sales. In 2013, 34% more tortillas were

sold, totaling more than \$4 billion. Sales in the South Central region came in second with 29% of the market.

However, as testament to the growth of the industry in regions like the Northeast, TIA is hosting its 2015 Tech Seminar at Harrah’s Waterfront Resort Casino in Atlantic City, NJ, October 21-22. This is the association’s first-ever East Coast event.

### Wrapping up

In the race to meet ever-changing consumer demands, tortillas seem to be keeping pace. “La Tortilla Factory has been committed to flavored wraps and health-conscious tortilla options for 20 years now,” Mr. Tamayo said. “Keeping flavors or seasoning blends relevant to changing consumer taste profiles is part of the ongoing effort.”

Manufacturers continue to listen to their customers and provide products that offer a variety of fresh, flavorful products that are healthy and versatile for busy lifestyles.

“We like to listen to the chefs who use our products, and they tell us what they need and for what,” Mr. Nin said. “We are always trying to accommodate our chefs’

requests. We get calls daily from people looking for our fried 13-oz bagged chips, which I would say is a consumer favorite.”

Azteca Foods differentiates its tortillas by marketing from a healthier platform anchored by their no-preservative offerings sold in the refrigerated section.

“Innovation at Azteca is about delivering flavorful and healthier products to the consumer,” Ms. Nargang said. “We target the primary grocery shopper, usually married with kids, working and extremely busy. She uses cooking dinner at home as a way to connect with her family and be creative, while seeking healthier options.”

Mr. Kabbani speculated that there is opportunity for future growth potential for American tortilla producers in exports to Europe, the Middle East and Asia. However, he went on to add, “The US market for tortillas is far from saturated, as consumers continue to adopt them as a main staple to their diets.”

Whether it’s used for a quesadilla, sandwich wrap or eaten plain, tortillas are the one food for many purposes in the American kitchen. ●

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