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## Kraft's Tang Powdered Drink Crosses Billion-Dollar Mark

- Kraft's Tang brand becomes its 12th billion-dollar brand
- Tang sales have doubled in four years
- Growth came from new flavors, formulas, sizes

By Paul Ziobro

OF DOW JONES NEWSWIRES

NEW YORK -(Dow Jones)- Tang, the powdered drink that famously traveled with astronauts to space, is now Kraft Foods Inc.'s (KFT) 12th billion-dollar brand, after doubling sales over the past four years.

While the space program helped put Tang on the map, Kraft's aggressive push for the brand in five markets-- Argentina, Brazil, Mexico, Philippines and the Middle East--helped Tang join Oreo cookies, Maxwell House coffee and Trident gum as Kraft brands that bring in nine-figures a year.

Kraft's push involved new flavors, sizes and formulas of Tang, each trying to cater to the local needs. Kraft executives also started to think about Tang as a drink that competes with sodas and juices, rather than a powder found in a can.

"Innovation on flavors has made it much more appealing than just a conventional orange flavor and that's one of the things that especially attracts people from other beverages," Sanjay Khosla, Kraft's president of developing markets, said in an interview.

Tang's growth also owes a nod to Kraft's acquisition last year of Cadbury PLC, which brought with it better distribution to traditional sales channels--the equivalent of corner stores--to core Tang markets.

Tang still represents just a drop compared to other global drink companies. Though Tang sold the equivalent of 20 billion drink servings last year, Coca-Cola Co. (KO) passes that mark every 12 days, and its namesake soda sells that much in less than a month.

Even at \$1 billion, Tang is a small, though not insignificant, part of Kraft, which had \$49.2 billion in 2010 sales.

But in faster-growing developing markets, where Kraft's sales totaled \$13.6 billion last year, it is more of a key player. It also sells at a gross margin that is higher than Kraft's average for emerging markets.

Tang's ascent to this point seemed unlikely. Tang's sales were around \$500 million in 2006, and was growing slowly. "Tang was actually not doing well at all," Khosla said. But Kraft still tabbed Tang as one of 10 focus brands in developing markets, and centered its attention on Tang's five main markets, where now it gets more than two-thirds of sales.

In recent years, Tang tried to appeal more to locals. Flavors like ponkan, a citrus fruit, were added in the Philippines, and lemon-mint to the Middle East. In Brazil, as well as the Philippines, Tang was fortified with iron and other minerals that children weren't getting enough of in their diets.

Kraft also added smaller-size Tang packages that made one- or two liters at a time, a convenient size to mix in a pitcher for a group of kids.

In the U.S., Tang has long taken a back seat at Kraft, whose focus in recent years had been Crystal Light powdered beverage, and brands like Kool-Aid and Capri Sun. Kraft, whose predecessor General Foods Corp. introduced Tang in 1957, didn't say when Tang set its focus outside the U.S., but Tang reached Mexico, the first of its current core markets, in 1965.

"Outside the U.S., Tang is viewed as an inexpensive, convenient beverage that's also relatively nutritious," said Gary Stibel, Chief Executive of New England Consulting Group, an adviser to consumer-product and other companies. "A lot of people don't have access to orange juice like we do" in the U.S.

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