

## 8. Thomas Lipton – King’s Grocer and Tea Magnate

### A Born Entrepreneur

Behind the Lipton brand lies the extraordinary story of a rags-to-riches tycoon, self-publicist, philanthropist and gracious loser who changed the way we shop forever. The rural economy in Fermanagh was in the midst of depression and the Lipton family moved to Glasgow in the early 1840s to seek work and a better life. It was here in 1850 that Thomas Johnstone Lipton was born in 1850.

His first lessons in retail came when his father set up a small shop, selling basic provisions on the densely populated south bank of the River Clyde. From the age of 10, Thomas picked up foodstuffs in a wheelbarrow from ships arriving from Belfast and, on working as a cabin boy, mixed with sailors who regaled him with stories of exotic places. New York stood out: vibrant, exciting, frenetic and a hive of business activity. Determined to live the American Dream, at the age of 17 he arrived at Castle Garden immigration centre. He travelled south, working on a Virginia tobacco farm and then as a book-keeper on a rice plantation in South Carolina, before returning to New York. By good fortune he found his business mentor.

On Broadway he worked in a giant store owned by another immigrant of Irish/Scots descent, Alexander Turney Stewart. A marble-fronted palace of consumption, it was one of the biggest shops the world had ever seen. Stewart was showcasing an entirely new way of shopping. He used linking strategies that Lipton later employed. Explained Museum of the City of New York curator Steve Jaffe, "Low mark up, high volume. You get a lot of goods, you sell them and still make money, if you sell them at a reasonable rate." Now it was set prices - before Stewart you haggled. This was the way to do business – and stay ahead of competitors.

In 1869 Lipton returned to Glasgow and opened his first store. Rows of enticing cheeses and hams were elegantly displayed, sales assistants wore bright white aprons and the store kept spotlessly clean. Each new store opened with a fanfare, not dissimilar to techniques of Wild Bill Cody, flooding the area with enigmatic flyers, announcing the arrival of someone special.

Lipton even paraded pigs, led by an Irishman dressed in costume. Much like the pied paper he enticed crowds to a new store. Lipton opened new stores in Glasgow before expanding to Edinburgh, Dundee, Paisley and Leeds. His extraordinary marketing acumen was pure genius says BBC 2 programme presenter Duncan Bannatyne. "Tommy Lipton didn't have to rely on any third-party suppliers. He had full control of his supply chain - from the printers to the packaging, to the distribution, to his network of stores - Tommy had it."

Lipton well knew his business depended on a reliable supply of high quality products, many of them imported. He went back to Fermanagh, "looking for Irish produce, because that's what his customers are wanting," says genealogist Frank McHugh. He employed a local person to meet farmers before they arrived at market - and guaranteed a price. This was revolutionary, a totally a new way of doing business, cutting out the middle man. The new approach was so successful that Lipton almost ran out of cash. He even pawned his gold watch for 30 shillings in striking deals with the eager farmers.

In early December 1881, a steamer docked in Glasgow, carrying an extraordinary cargo from America. The world's largest cheese, two feet thick, with a circumference of 14 feet, slowly made its way to the High Street store but was too large for the doorway. Undeterred, the cheese was conveyed to his Jamaica Street store for display in the shop window. In a ruse worthy of Willy Wonka, buried inside the enormous cheese were gold sovereigns. A few days

before Christmas in what was pure theatre Thomas Lipton, dressed in a white suit, began to cut up the cheese into neatly wrapped slices. Policemen struggled to maintain order as a long procession of customers hoped for a lucky purchase. In two hours every piece had been sold. As Lipton stores spread throughout Britain his next step was conquering America, cutting out the middle man once again, such as purchasing an entire meat packing plant, naming it after his mother. His also expanded into coffee and cocoa estates, fruit farms in Kent, meat stores, bakeries, curing stations and wine stores.

## **A Good Cuppa**

Tea had once been a precious commodity, worth more than its weight in gold, kept in ornate lockable caddies. By the mid-19th century, whilst prices had fallen, it was still prohibitively expensive, even though tea was the preferred beverage of choice for Victorian middle classes.

Tea merchants purchased from the same location, Mincing Lane in London but the quality of blended teas was unreliable. Says biographer Michael D'Antonio. "Sometimes it would be very good; other times it would be mouldy and sometimes you'd buy a packet of tea, and it would all be bad." Somehow, Lipton had to find a reliable source and keep it to himself.

Thomas Lipton was on his way to Australia in the late 1880s and stopped off in Ceylon and in May 1890 purchased the first of five tea plantations. Just like the Ulster farmers supplying his first shops, they traded exclusively with Lipton stores. This put competitors at a disadvantage immediately as he controlled the whole manufacturing process. Many thought he would fail by not attracting blenders but he offered them double their current salary. Soon they were working for Lipton. Fresh tea had a new slogan, "direct from the tea garden to the tea pot."

Even his 300 shops could not begin to satisfy the demand for tea in packets, at one and seven pence a pound, so Lipton decided to sell it anywhere there was a demand for it, creating that demand by advertising tea as he had for his ham and cheese 15 years earlier. Within a year he was selling huge amounts of tea in pound, half pound and quarter pound packets. Blends were made especially for customers of an area so that Lipton could advertise "the perfect tea to suit the water of your town." His ingenious marketing methods were ahead of their time and in the process he had the trademark of a national commodity. Through tea, "Lipton's" was now a household name. His shops made him a millionaire and his tea a multi-millionaire.

In 1898 Lipton decided to float the company. The professional view was it was rock solid but no longer capable of a major expansion. Slow, steady growth would mean a modest increase in share price and steady divided returns. What professionals didn't take into account was the high regard and affection the public had for the Lipton brand. With an unprecedented rush for shares, Lipton pocketed £120m.

When the Princess of Wales, Alexandra, decided at short notice to organise a charity feast for the Queen's diamond jubilee celebrations, Lipton came to the rescue, donating £25,000. The following year he was knighted and overnight became a celebrity; some achievement for a self-made man from the Gorbals. He became a baronet in 1902 but perhaps an even greater honour was being given the Freedom of Glasgow in 1923.

In 1889 his mother died and the next year his father too. With no family ties to Glasgow he transferred his business interests to a new London headquarters and acquired "Osidge," a large comfortable house set in a sixty acres estate in Southgate in what is now the London Borough of Barnet. Here, Lipton entertained friends and business acquaintances and every year held a day of entertainment and sports especially for his office staff.

Despite his considerable wealth and social standing, he did not forget his humble origins and showed compassion for the poor and unemployed, particularly in his native Glasgow. In 1902, when a stand at Ibrox Park collapsed, killing 26 spectators and injuring 587, he sent a cheque for the relief of the families of victims and those seriously injured.

In 1909 Lipton was made a Knight Commander of the Grand Order of the Crown of Italy. By way of thanks, he presented the Italians with a cup to be used for an international football competition. The Football Association declined to nominate a team so Lipton turned to West Auckland Town to represent Britain. The team was made up mostly of coal miners and, in a story as romantic as Lipton's own, they beat Red Star of Zurich and Juventus to win the cup in 1910, then successfully defended the title in 1911. Lipton can take credit for initiating the first international club tournament.

### **Friends in High Places**

In 1898, Lipton purchased the Clyde-built 1,240 ton steam yacht, *Aegusa*, which he renamed *Erin*. He entertained lavishly. The visitor book of this impressive steam yacht reads like an early 20th Century Who's Who: President Roosevelt, Kaiser Wilhelm II and scientists Edison and Marconi. It is said he banned all talk of religion or politics while on board.

In his autobiography he says, "Looking back now it gives me intense satisfaction to recall the many prominent and distinguished people to whom I had the honour of acting as host aboard my floating home." Among his other highly distinguished guests were King Edward VII, Queen Alexandra, Princess Beatrice and her daughter; "practically every Royal personage in Europe and of illustrious men and women in every walk of life on both sides of the Atlantic."

Sir Thomas, a friend of Edward VII, mixed with the cream of Edwardian society. He was a frequent guest at Buckingham Palace and Balmoral. At Cowes, he was entertained on the royal yacht *Victoria* and *Albert* and, in return, arranged cruises and parties on board *Erin*. Filling his social year too were Ascot, Cowes regattas, Christmas on the Riviera, royal parties at Sandringham and visits to Ceylon and the United States.

His popularity in America increased with every visit. He mixed with everyone from Wall St to Washington, from New York Yacht Club to Hollywood, and even dined at the White House. "Lipton was wealthy, good-looking and affable and therefore particularly eligible," biographer Robert Crampsey comments, adding: "He was a "ladies man and an adept flirt and there was never a shortage of the company of ladies. "The newspapers, on both sides of the Atlantic, took a "friendly curiosity" in his remaining unmarried.

As a public company, Lipton's continued to prosper, increasing turnover and dividends every year but post-war competitors had arrived, especially Home and Colonial Stores and Van den Berghs, later part of Unilever. In 1927 Van den Berghs acquired 25% of the shares and Sir Thomas retired from active control of the company. Sir John Ferguson took over as chairman retaining Lipton as life president, a title with no power. Within two months Sir Thomas had sold his interests to the Meadow Dairy Company, controlled by Home and Colonial, but did not relinquish control of his American company, Thomas J. Lipton Inc. or tea interests in Ceylon.

### **A Dream Nearly Come True**

By now Lipton had the means to realise a childhood dream, The America's Cup, the world's oldest international sporting trophy. In 1851 members of the New York Yacht Club sailed a schooner, built by members, to the Isle of Wight. This was at the invitation of the Royal

Yacht Squadron for a race the Americans won, taking home an ornate silver trophy. A few years later they dedicated it to international competitive sailing. As a youngster Lipton was entranced by the ships arriving in Glasgow, making models and floating them in the city's ponds. He now joined the world of elite yachting in a quest to win the America's Cup.

There were strict rules, not least participants had to be members of an approved yacht club. Yachts had to be built in the country of the challenger and sailed to the start of the race. On applying to the prestigious Royal Yacht Squadron, Lipton's membership was rejected. Not even his vast wealth and prestige could overcome class snobbery. Instead, he was invited to join the Royal Ulster Yacht Club, based in Bangor, County Down.

Lipton's first challenge in 1899 won the hearts of many Irish Americans. His yacht was named Shamrock. Whilst he lost the race, in other ways he was a winner. Everyone was now talking about Sir Thomas Lipton. The Lipton brand grew ever larger. His face, sporting a yachtsman's cap, featured on much of his company's packaging.

He challenged again in 1901 and 1903 with new yachts, Shamrock II and III, again without success. With war delaying a planned 1914 challenge, he equipped *Erin* as a hospital ship and transported a field hospital to France. Later he offered *Erin* to transport surgeons, nurses and orderlies to Serbia, almost under siege.

The following year *Erin* was sunk by a German submarine. Lipton commented very publicly on a number of occasions, "I would give it all back, I would give everything back if I could save any of those who served on that ship." Lipton made two further bids for the America's Cup, coming tantalisingly close to success in 1920, winning the first two races. It was not to be but that was life, prepared to accept that his competitors had won fair and square.

The good grace with which he accepted defeat earned him goodwill and admiration across America. After his fifth and final attempt in 1930, the Hollywood actor Will Rogers began a campaign, asking the American public to donate a dollar to purchase a gold "loving cup" to celebrate the perseverance and sportsmanship of the world's "most cheerful loser".

Presented to him by the Mayor of New York, the lid was decorated with carved shamrocks. The inscription read: "In the name of hundreds of thousands of Americans and well-wishers of Sir Thomas Johnstone Lipton." He died the following year and huge crowds lined the streets as the funeral cortege made its way to the Southern Necropolis, less than one mile from the Gorbals street where he was born.

## **An Enduring Legacy**

Today the Lipton grocery chain is largely forgotten, subsumed by mergers but Lipton lives on mainly as a brand of tea, owned by Unilever. For modern day entrepreneurs, such as Duncan Bannatyne, he remains an inspiration. "Tommy never did win that blooming cup - but he won something far greater. The love, respect and admiration of people from all walks of life, from around the world. That makes him a winner in my book."

The terms of his will were to benefit the city of his birth. £80,000 was left to establish the Frances Lipton Memorial Fund for the benefit of poor mothers and their children. His yachting trophies are housed at Kelvingrove Museum and Art Gallery, and photographs, press cuttings and memorabilia to the Thomas J. Lipton Collection at the Mitchell Library. also in his home city. By 1999 the collection was showing signs of degradation. Unilever were approached and funded the conservation and digitisation costs.

Thomas Lipton left specific bequests to Glasgow hospitals, servants and friends. His London house, Osidge was renamed The Sir Thomas Lipton Memorial Hospital for Retired Nurses in memory of his mother. The residue of his estate was to be used by his trustees for the benefit of the poor in Glasgow.

In 1937, six years after Thomas Lipton's death, a High Court order allowed trustees to sell his interests, with the proceeds going to the Lipton Trust for the benefit of the poor in Glasgow. By 1946, when the last payment was made, The Lipton Trust had donated a total of £821,000 to the City. Thomas Lipton had not forgotten his roots or the people of Glasgow.

## References

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