

The Story of Merchants

Starting out as a Merchant, Continuing on the Path of Merchants

ITOCHU inherited and practices the merchant spirit of Chubei Itoh I, that has spawned a unique corporate culture and led to an accumulation of strengths. In recent years, we have been shoring up our foundations as we unleash each of our potential strengths. We have formulated “*Sampo-yoshi*,” the business philosophy of the merchants of Ohmi originated from the personal motto of Chubei Itoh I, as the corporate mission of the ITOCHU Group, taking this as another step toward the sustainable expansion of corporate value.

Earning Trust as Merchants

Ohmi Province (present-day Shiga Prefecture) was separated from the commercial centers of Osaka and Edo (now Tokyo). To conduct trade, the merchants of Ohmi traveled on foot balancing their wares on carrying poles from Ohmi, where Japan's major travel arteries of Tokaido and Nakasendo meet. For business discussions, they used samples. Ordered products would then be delivered from far away at a later date, so cultivating a spirit of trust was essential. A management philosophy that values trust has been passed down through the Company's top managements throughout the years. Its spirit is evident in the “commitment-based management” that aims to consistently achieve targets each fiscal year. Each fiscal year, we work steadfastly to turn words into accomplishments, recognizing that earning trust in the capital markets is key to long-term management success.



(Photo courtesy of Archival Museum for the Faculty of Economics at Shiga University)

Based in the former Ohmi Province, the merchants of Ohmi transported their wares on carrying poles, peddling items into other provinces (pursuing business in all parts of Japan from the Kansai region). ITOCHU was started by Chubei Itoh I, who engaged in the linen trade.

Merchants: Always Thrifty

Being thrifty dates back to the Company's origins. The importance of frugality and learning were essential elements of the “store rule (*tanaho*)” established in 1872. Also, it is recorded in the post World War II period that each organization within the Company operated as a financially independent entity, paying the headquarters for the space it uses (store rent). In addition to the itinerant trading business, where margins were slim, this emphasis harks back to the Company's origins in the textile business. Different from businesses in heavy industry, in the textile business prices were negotiated down to the cents and profits were based on the steady accumulation of efforts. Thrift was a historical necessity. The ITOCHU Group retains this emphasis up to the present day, carried forward in its ongoing efforts to “cut” costs, maximizing results while minimizing investment. As a result, we have achieved overwhelmingly high ratio of Group companies reporting profits—about 90%. Consolidated net profit continues to grow, and our capital efficiency remains at the top tier of the industry.

