Joseph C. Tsai -- *Executive Vice Chairman*

Thank you, Rob. Thank you all for joining us. We had another good quarter with excellent business performance and sound execution against our overall strategy. But we live in an environment where external factors seem to drive investor sentiment regarding Alibaba's business. I would like to address three macro issues that may be on your minds. First is how to look at Alibaba in the context of the Chinese economy. Daniel later will offer his insights on the current state of the Chinese economy from the vantage point of Alibaba's business. I want to refresh your memory about three secular developments that I referred to in the last earnings call.

One, consumption upgrade by China's 300 million middle class consumers continues its course. By OECD's projection, the Chinese middle class will grow to 850 million people by 2030. Two, the healthy balance sheet of Chinese households and the increasing availability of credit will fuel consumption. Three, Alibaba's active role in digitizing the retail sector expands our total addressable market to the entire $5 trillion retail economy in China. The size of the Chinese economy is $13 trillion. In the future, obsessing on the rate of growth is not meaningful, because of the law of large numbers. The reality is the absolute dollar amount of new wealth creation in the Chinese economy will be well over $800 billion each year. We have conviction that e-commerce and digitization of retail will continue to grow at a faster rate than the overall economy.

While the overall economy grew in single-digits, e-commerce sector GMV grew at 20% to 30% over the last several years, that is because technology innovation and improved productivity are driving sustained growth over a long period of time. The second issue I want to address is the trade war. Concerns about the trade tensions might affect sentiment, but Alibaba's exposure to the tangible effects of trade tariffs is small. While our businesses in e-commerce, consumer services, entertainment and cloud computing, the primary growth driver is not exports, but domestic consumption and corporate transformation. Digitization of retail sector and the resulting productivity and efficiency gains will accrue to Alibaba with or without a trade war. Alibaba is well positioned to help solve the structural trade deficit issue, vis-a-vis the United States. With nearly 700 million Chinese consumers shopping on Taobao and Tmall, we are the platform of choice for American companies and farmers to gain access to the Chinese market. The third issue is regulation. Recently, investors have asked us about perceived regulatory tightening of internet businesses.

Of all the economies in the world, China is at the forefront when it comes to the confluence of rapid technology development and large-scale wealth creation. Our perspective is that China's regulatory landscape should be expected to evolve along with the rapidly changing developments in the new economy. We have witnessed the government becoming more adept at calibrating the interplay between regulation and economic growth. I would like to point to several policy directions that provide assurance to businesses operating in China.

First, the government has implemented fiscal policy initiatives that are business-friendly. VAT rates were lowered in 2018 and are expected to be cut further in 2019. The government also introduced lower social-security contributions, which especially benefited small businesses.

Second, the government raised the threshold for personal income tax exemption, giving lower-income groups more to spend. This is expected to provide a broad-based spending stimulus as lower-income groups devote a higher percentage of their disposable income to consumption.

Third, in early January, the State Council announced new initiatives to support small enterprises by reducing corporate income tax rates and raising the monthly sales threshold for VAT exemption. With these policies, it's clear to us that the government intends to ignite business confidence and encourage business investment as well as consumer spending. It is also clear to us that the government recognizes the importance of small businesses as the backbone of the economy and job creation. We believe that anything that's good for business confidence, and in particular good for consumers and SMEs, will be good for Alibaba.

Now, I turn to Daniel for his remarks.

Daniel Yong Zhang -- *Director and Chief Executive Officer*

Thanks, Joe. Hello everyone, and thank you for joining our earnings call today. During this call today, I will share our observation of the Chinese economy, and how our investments in new businesses will support our long-term growth. Based on data from the National Bureau of Statistics, China's GDP growth rate was 6.4% year-on-year in the fourth quarter of 2018. And the full year growth rate was 6.6%. China's overall retail consumption grew around 8% year-on-year in the fourth quarter. The slowdown of macro might cause concerns in the market. However, what we see from Alibaba's platforms is that Chinese consumption growth is still strong, driven by a growing base of increasingly affluent young consumers. We saw aspiration in our Chinese consumers, look for enriched shopping experience and high quality products and services on our platforms. Our Tmall physical goods GMV grew 29% year-on-year this quarter. While China's overall online physical goods grew 21%. The robust growth was driven by strength in the FMCG, apparel and home furnishing categories, reflecting strong secular consumption trends.

Our Singles Day shopping festival generated $30.8 billion in GMV, representing a growth rate of 27% year-on-year. During the event, among the hundreds of millions of consumers that made purchases, 46% were born after 1990 and over 40% made purchases from international brands. This young generation of consumers continued to be the main power of consumption growth in China. In addition, we saw the ongoing urbanization continued to be the engine of China's economic growth. Over 70% of the increase in our annual active users in this quarter was from Tier 3 and below cities.

From a category perspective, due to cooling off of the real estate market, large ticket categories like white appliances has experienced a slow lower growth and due to lack of technology innovation, mobile phones showed softened growth near term. While categories in consumer staples, apparel and home furnishing exhibited resilient growth in this quarter. We also observed top categories like electronic toothbrush and beauty electronic devices grew fast in our platforms, representing Chinese consumers continue to upgrade their lifestyle. We believe as China seeks to generate sustainable high-quality growth, it has to transform from an export and investment oriented economy to a consumption-driven economy. And it may result in softer near-term economic performance. But we believe the consumption power of 1.4 billion Chinese population is the growth engine of Chinese economy in the future.

Now let's talk about Alibaba. Our core business have been exhibited robust and sustainable growth. In December 2018, our China retail marketplaces had 699 million mobile MAUs, representing a quarterly net increase of 33 million. Annual active consumers were 636 million, reflecting successful user acquisition programs, such as referrals through the Alipay App, and is an early indicator of transition activity on our platforms. In October, we fully roll-out the new Taobao interface which drove effective user engagement and improved traffic operating efficiencies in Mobile Taobao. We are also proactively working on improving recommendation algorithms and then making preparation for future monetization. We have exhibited robust marketplace-based core commerce probability, as measured by adjusted EBITA of $7.9 billion, growing 31% year-on-year. This allows us to invest in the strategic areas for the long-term prosperity of Alibaba digital economy. These areas include cloud, logistics, new retail, digital entertainment, local consumer services and globalization.

We started our cloud business nine years ago. And over the last few years, our cloud business delivered solid top line growth and established a leading position in China's nascent cloud market. In November, we made an organization change to appoint Jeff Zhang, as President of Alibaba Cloud, adding his responsibility on top of his role as our Chief Technology Officer. We believe under this framework, we can make available much of our data technology usage in our own businesses through our enterprise customers to accelerate their digital transformation. We continue to invest in Cainiao to build the logistic infrastructure of commerce. So digitizing the entire fulfillment and the delivery process, Cainiao continues to improve consumer experience and the lower industry cost. Our new retail business consists of two major directions, reforming old and creating new, both of which enlarge the addressable market. On the one hand, we'll continue to make good progress in digitalizing partner retailers and enable their new retail transformation. On the other hand, Hema, our proprietary grocery retail chain continued to expand its footprint, optimized its existing stores and introduced new initiatives that improve consumer experience.

We'll continue to expand consumption use cases within the Alibaba digital economy, so the investments in digital media and the local consumer services. These businesses are critical to drive future customer acquisition and retention with our ecosystem. We will be competitive and at the same time, continue to improve our operating efficiency. We are committed to globalize our business. One of the key regions we will stay focused on in the near-term is Southeast Asia, which is the fourth largest region by GDP after US, Europe and China. It has over 650 million in population, that are relatively young. Online shopping penetration is still at low single-digit, leveraging our unrivaled technology and strengthening the management. We believe Lazada will well positioned to continue to capture shares in this growing market. China's economy is facing some uncertainties, but we do see opportunities. The opportunities lies in strong consumption power, emerging disruptive technologies and innovative business models that drive the next growth phase of digital China.

Over the last 10 years, Alibaba has built a broad range of platform businesses, including retail, marketing, financial, logistics and cloud computing services, enabled by our advanced data technologies. These form the core of the Alibaba business operating system which are important to the digital transformation of our enterprise customers and allow us to become the leading partner of businesses within China and around the world.

Now I turn the call over to Maggie, who will walk you through the details of our financial results.

Maggie Wu -- *Chief Financial Officer*

Thank you, Daniel. Hello everyone. In the December 2018 quarter, our major financial metrics continued to record strong results. Our total revenue grew 41% to RMB117 billion. This was actually the first quarter, our quarterly revenue surpassed of RMB100 billion. The increase was mainly driven by the robust revenue growth of our China commerce retail business, the consolidation of Ele.me, as well as strong revenue growth of Alibaba Cloud. Even stripping our acquired businesses, our revenue growth during the quarter continues to perform that of almost all global technology peers.

As a percentage of revenue, without the effect of SBC expenses, both our operating expenses including product development, sales and marketing and general administrative expenses remained stable year-on-year during the quarter. Excluding the effect of SBC, cost of revenue as a percentage of total revenue increased by 10 percentage points to 50% this quarter. The increase was primarily due to, first, the consolidation of Ele.me, second, a increase of the cost of inventory and logistics from our self operated new retail and direct import business. Third, a increase in content spending by Youku on original content as well as the impairment charge on licensed copyrights.

Now, let's turn to the segments. Core commerce, our core commerce segment had another strong quarter with revenue growth of 40% year-over-year. When looking at China commerce retail, the fundamentals of our retail business continued to be solid. The combined customer management revenue and the commission revenue exhibited a healthy growth of 27% year-over-year for the quarter. Customer management revenue grew 28% in the quarter. The growth was primarily the result of increases in volume of paid clicks driven by higher click-through rate. Of course, these are all backed by the increased user base and enhanced user engagement. We continuously expand this user base and continuously improve our user experience. Commission revenue grew 24% in the quarter. The growth of commission revenue was primarily due to strong growth in Tmall paid physical goods GMV of 29%. The discrepancy of the growth rates between the commission revenue and Tmall physical goods GMV is primarily due to our adoption of a new accounting requirement, which has the effect of spreading out recognition of revenue from annual service fees received from Tmall merchants, whereas, we previously recognized these fees at the end of each calendar year.

Orders from China commerce retail was up 122% to RMB11 billion. The rapid growth was primarily driven by contributions from Freshippo, also known as Hema, Tmall direct imports and other direct service businesses. As of the quarter end, there were 109 Hema stores in China, and the retail chain continued to achieve robust same-store sales growth. Revenue from local customer services was RMB5.2 billion. The growth of daily on-demand orders continued to be strong during the quarter. In December 2018, we combined our on-demand food delivery platform Ele.me with our service platform Koubei to create a local consumer service business segment. Koubei had a very limited impact to our local consumer service revenue this quarter. We believe, we have a strong management team in our local consumer services to execute our strategy to gain market share. Revenue from our international commerce retail business in the quarter was up 23% year-over-year to RMB5.8 billion. The increase was primarily due to the consolidation of Trendyol, Turkey's leading e-commerce platform.

During the quarter, Lazada strengthened its core marketplace businesses and reduced exposure through direct sales in merchandise categories. This business model shift resulted in accelerating marketplace GMV growth with direct sales revenue declined during the same period. As a result, the revenue growth of Lazada was slower than prior quarters due to a decrease in revenue generated from our direct sales business, where revenue is recorded on a gross basis including the cost of inventory. We believe the shift in model toward capitalized marketplace business will solidify a healthier foundation for scalable growth in the future.

Now let's look at the drivers of core commerce profitability. We continue to generate solid marketplace core commerce EBITA, that grew 31% to RMB54 billion during the quarter. This core, core profit growth was the main driver of our free cash flow for the quarter which came in at RMB51.4 billion which is $7.5 billion. Because of the strong profit and cash flow generated, we're able to invest in four strategic areas including, number one, local consumer service; number two, Lazada; three, new retail and Tmall direct import; and number four, Cainiao. Losses generated from these investments was RMB8.2 billion. We have already started to see efficiency gains and greater synergies from these businesses inside the Alibaba digital economy. We will continue to invest and work toward delivering enhanced financial returns from these businesses in the long term. After incorporating the losses from these investments, our core commerce EBITA grew 20% to RMB46 billion during the quarter.

Cloud computing revenue grew 84% year-over-year to RMB6.6 billion, primarily driven by increased spending from enterprise customers. Adjusted EBITA for cloud computing segment was a loss of RMB274 million, reflecting a negative 4% EBITA margin, improving from negative 5% from the same quarter last year. Digital media entertainment revenue grew 20% year-over-year to RMB6.5 billion. The increase was primarily due to an increase in revenue from mobile value-added service provided by UCWeb, such as mobile search and game publishing, and an increase in subscription revenue from Youku. Adjusted EBITA was a loss of RMB6 billion. This loss figure included impairment charges taken on licensed copyright that did not generate the expected returns following a regular evaluation of programming.

The evaluation resulted in a RMB2.8 billion impairment charges during the quarter. During the quarter, we made the necessary changes to management who we expect to drive more efficient content strategies and synergies with the rest of our business. Revenue from innovation initiatives and others grew 73% year-over-year to RMB1.3 billion, mainly due to an increase in revenue from Tmall Genie and Amap. Adjusted EBITA was a loss of RMB1.6 billion.

Now let me highlight a few financial metrics that impact net income during the quarter. Other income was RMB387 million compared to a loss of RMB348 million in the same quarter last year. The increase in other income was primarily due to a decrease in exchange loss incurred during the quarter. We did not recognize any profit sharing from Ant Financial during the quarter. Ant Financial continued its strategic investments to acquire new users and capture growth opportunities in the offline payment market. Currently, Alipay and its affiliates have over 1 billion annual active users globally. As of December 31, 2018, cash, cash equivalents and short-term investments were RMB192 billion, $28 billion. The increase in cash was primarily due to free cash flow generated from operations partially offset by cash used in investment and acquisition activities and share repurchase.

We generated robust operating cash flow of RMB65 billion and free cash flow of RMB51 billion. Please note that we have deducted content spending when managing FCF, even if such content spending was capitalized. We're committed to enhance value for our shareholders through share repurchases. Since September 2018, we have repurchased approximately, 10.86 million of our ADS for a total of approximately $1.57 billion as of yesterday.

Looking ahead, as Daniel discussed, the demand of products and services on China marketplace continued to be solid. Our new Taobao interface is driving effective user engagements and improving traffic operational efficiencies. We're testing the potential monetization of recommendation feeds. We need to ensure, improve the merchants' ROI as well as the better user experience. We will update the market of our progress to monetize recommendation feeds at due course. We remain confident about our value proposition to consumers and merchants and we'll be focused on solid execution. We expect our core, core profit growth to remain healthy. At the same time, we will continue to invest in strategically important areas to increase our addressable market and capture long term growth opportunities.

Let's now turn to the Q&A.

Robert Lin -- *Head of Investor Relations*

Hi, operator, we're ready for Q&A.

Questions and Answers:

Operator

Thank you. So ladies and gentlemen, we will now begin the question-and-answer session. (Operator Instructions). Our first question comes from the line of Grace Chen from Morgan Stanley. Please ask your question.

Grace Chen -- *Morgan Stanley -- Analyst*

Thank you. Thank you very much. My question is about investments in various new ventures. I'm wondering as we get into the new fiscal year, how do we rank these initiatives in terms of priorities? These investments include new retail, local consumer services, digital media entertainment and Lazada. Should we expect a loss from these ventures to be narrow in the new fiscal year? Especially, digital media entertainment in which we see investment widened substantially in the December quarter. Also will there be any strategic -- potential strategic changes or adjustments, for example, are we investing more aggressively into the industrial internet segment? Thank you.

Daniel Yong Zhang -- *Director and Chief Executive Officer*

Thank you. This is Daniel, let me answer your question. I think as I said in my script, I think we are because based on the very solid, I mean, core, core, I mean, businesses and we have the flexibility to invest for the future. And I think in the new year, we will, I mean, focus on how to, I mean, generate these synergies of the new areas we invest, I mean, to build a strong connection and synergies with the core business of Alibaba ecosystem. I think for the digital content, for the local consumer services, we view these two areas as the expansion of categories of our consumer needs to leverage the 700 million consumer base, we have and we believe that we need to provide with an very comprehensive, I mean, supplies ranging from physical goods to content and to local services.

We think this is very important for the prosperity of our ecosystem. And actually, when we're doing this investment, we are -- we -- on one hand we try to make ourself in order to be competitive in the market. And in each of the areas of these new business, we can -- you can see that in the market there are a couple of players. So we have to be make ourself competent -- competitive. But on the other hand, we will continue to improve our operating efficiency. And we set a lot of disciplines to improve our -- to make sure we can deliver the solid results in each of these areas.

Robert Lin -- *Head of Investor Relations*

Next question?

Operator

Thank you. Next question comes from the line of Alicia Yap from Citigroup. Please ask your question.

Alicia Yap -- *Citigroup -- Analyst*

Thank you. Good evening management. Thanks for taking my questions. I have a question regarding your commission revenue. So regarding the adoptions of the new accounting treatment, could you elaborate a bit what would be the commission revenue growth rate be this quarter if there were no change of the accounting adoptions? And should that translate to higher commission revenue growth than the GMV growth in the next three quarters? Lastly, any update on the timing of the roll out for the new recommended feed monetization? Thank you.

Maggie Wu -- *Chief Financial Officer*

Sure. Alicia, this is Maggie. So your first question regarding the commission revenue growth, if we exclude the impact of that, just the accounting treatment, the growth would have been just in consistent with the growth of the GMV. So basically, this commission rate has not been changed that much. And for the recommendation feeds monetization, as Daniel already mentioned during the call, we're testing and have been working on this. But there is no exact timetable, we're going to update you at due course. And one thing for sure is that by the time we roll out this monetization, we would have a very good balance of the merchants' ROI as well as the user experience.

Robert Lin -- *Head of Investor Relations*

Next question?

Operator

Thank you. Our next question comes from the line of Piyush Mubayi from Goldman Sachs. Please ask your question.

Piyush Mubayi -- *Goldman Sachs -- Analyst*

I appreciate the opportunity. Thank you. During third quarter, what drove the higher click-through rates which led to the higher paid clicks and the acceleration in customer management revenue that we saw? Was this on the search side and a function of the evolution of the algorithm? Or was it the new Taobao App design that made the difference?

And if I can sneak a question on feed, I understand that it's an update we can receive from you in due course but is it going to be linked in any way to the -- quarter ago you talked about the fluid macroeconomic conditions. In any way going to be linked to a recovery in the economy? That's my question. Thank you.

Maggie Wu -- *Chief Financial Officer*

Right. Piyush, when you look at customer management revenue growth, we said that the growth was mainly coming from the growth of our paid clicks, which is driven by the click-through rate growth. So it's coming from actually several things. When you look at our active user base being expanded and engagement being enhanced, at the same time we're optimizing our search and all of these contribute to the growth of the CTR. For the second question, so what was...

Robert Lin -- *Head of Investor Relations*

So the second question is the potential monetization of recommendation linked to a recovery of the economy.

Daniel Yong Zhang -- *Director and Chief Executive Officer*

Actually we don't have -- we don't tie this, I mean, monetization process with the economic condition. I think we do have to take care of the merchants' ROI. But I think if we give them more flexible and marketing tools and it's also good for them to do more business and acquire new customers, I mean, for each of the merchants. So -- but today, as we said, we are actually making preparations from a tax perspective to make sure we can have the right algorithms and right, I mean, technology to make sure we have this native app recommendation to ensure the user experiences. But at the same time, we can ensure a good earnings return, recoup ROI for the advertisers.

Piyush Mubayi -- *Goldman Sachs -- Analyst*

Thank you, Maggie, Daniel.

Robert Lin -- *Head of Investor Relations*

Okay. Next question?

Operator

Thank you. Next question comes from the line of Eddie Leung from Merrill Lynch. Please ask your question.

Eddie Leung -- *Merrill Lynch -- Analyst*

Hey, thank you for taking my question. I have currently (ph) a question on the smaller merchants. Have we seen any differentiation in the business activities between the small sellers and large merchants recently, given the external change in economic conditions? And similar to that, could you share more color with us on the potential impact of e-commerce laws on the smaller merchants? Thank you.

Daniel Yong Zhang -- *Director and Chief Executive Officer*

So, Eddie, I think -- this is a very good question. I think that the very beautiful effect in Taobao marketplaces is like every year we generate a lot of more -- new merchants. But actually today when you look at the our ecosystem in recent years we do have a lot of new merchants. They are not like the traditional reseller on the platform. And I don't think they are the traditional small merchants just in terms of size. Actually a lot of merchants today, they are doing the live streaming on the platform. They are the key opinion leader, but at the same time they are good sellers. So I think we do encourage the selections of the merchant types. And we also try to -- try very hard to provide them with technology and tools to help them to show their uniqueness to the customers. So I think that that's the long term growth driver and that's the long term guarantee of the prosperity of Taobao marketplaces.

Joseph C. Tsai -- *Executive Vice Chairman*

Eddie, I wanted to address the potential e-commerce law. In fact, the -- I referred to this in my opening script. There is -- the State Council just announced a tax relief for small businesses. So the e-commerce law, the fundamental point there is that the SAIC require registration of all the merchants. And so the merchants -- they created a lot of uncertainty among the merchants about what the effect of registration is because the concern is that the tax enforcement will be tightened. Now, on the other hand, with this tax relief for SMEs, this basically offsets the -- that concern.

Specifically, the tax relief involve two aspects. Number one, the tax exemption threshold for VAT tax has been raised from RMB30,000 per month to RMB100,000 per month. In other words, if you're a small business that's doing less than a RMB100,000 per month in sales, you would be exempt from the VAT regime. And the second aspect of the tax relief is, corporate tax rate has come down from 25%, that's the normal corporate tax rate in China. But for small businesses, it has come down to 5% for the first RMB1 million in profits and then 10% for the next from RMB1 million to RMB3 million. So effectively you're lowering corporate tax rates by a lot. So the combination of these two tax relief measures has basically offset the concern about the e-commerce law relating to registering small businesses.

Eddie Leung -- *Merrill Lynch -- Analyst*

Thank you, Daniel and Joe.

Robert Lin -- *Head of Investor Relations*

Next question?

Operator

Thank you. Next question comes from the line of Binnie Wong from HSBC. Please ask your question.

Binnie Wong -- *HSBC -- Analyst*

Good evening, management. Thank you for the opportunity to take my -- to ask the question. I have a question on the improvement in margins and also the investment cycle. So we see an improvement in the margin side especially in your marketplace core commerce, which clearly show strong operating leverage efficiency. So how should we think about the stage of Company's investment cycle, especially, in terms of, can management elaborate more on, is the efficiency coming more on like the local customer services or new retail? And also can you comment on the competitive landscape in our local services? And how our strategy has evolved in respond to competition, say, in terms of take rates or promotions? And just very lastly is that, if you look at our longer term, as our ecosystem has been expanding and we are penetrating into different business segments, how have we been seeing the cross-selling, right, across the different products within our ecosystem to go deeper into customers' pockets? Thank you.

Maggie Wu -- *Chief Financial Officer*

Several questions. So, Binnie, let me answer the margin profitability investment first and then Daniel could answer you on the local service progress and cross-selling question. So when you talk about margin, as we talk to all the exporters, we encourage people to look at the profitability while we're growing into such a big-sized business, right, the absolute dollar profit is meaningful to the EPS and possibly your returns on capital. Okay. So that question, basically the substance of that question is how much more we're going to invest and our profit growth. I understand that investors have questions, concerns or even worried about how much are you guys going to invest in those strategic initiatives, how much more you're going to spend.

I want to talk about two things. Number one, we invest in these strategically important areas by spending money that's generated from our core business. While our other competitors whereas just spend money from what they raised from the investors, from the market. And how strong is our core, core? When you look at our customer management revenue and commission revenue, if you add them together, it gives you like RMB70 billion in a quarters' time. And then when you look at our core, core profit which we reported RMB54 billion, right, so mostly are coming from China retail. You can tell the margin, if you will, and you can tell the powerfulness of our core, core. So this provides strong support for us to invest in those strategic areas. Number two, when we look at investments, we emphasize a lot on the operating efficiency and investment efficiency. So we do have internal measures on these each of these investments. All of these investments are still in the stages that which is early to talk about financial returns, right, profit. However, there are business progress which we are very well on track.

Daniel Yong Zhang -- *Director and Chief Executive Officer*

In terms of the local services business, late last year as we said we merged the Koubei and Ele.me business and formed a new, I mean, local consumer service company. And we strongly believe that by doing this we can reduce the overlap of their spending in customer -- in client acquisition and client services. And today if you look at this food business, actually for each of the restaurants and the in-store business and the food delivery business are equally important to every single restaurant. So today, by combining these two businesses we see -- we anticipate a lot of synergies in Youku.

And I think back to your last question about the cross-selling opportunity, I think this is really our advantage of Alibaba ecosystem. And we tried very hard, tried to build the synergies across business and bringing new customers to each of the business within Alibaba ecosystem. Take a example, in November 11, not only our China retail platform is the main driver, actually all the other user interface, I mean, Alibaba big family participate, there are around 20, I mean, business that participate and we do a lot of customer engagement through different mobile, I mean, interface and which also bring a lot of new customer, not only to our retail business but also to other business like Youku, like mobile browser, like travel, so on and so forth. And we'll continue to do that. And the several hundred million active customers is our most -- the most important asset in Alibaba ecosystem. And we'll try to leverage this power and unlock the potential of the consumption.

Robert Lin -- *Head of Investor Relations*

Okay. Before next question, I would just encourage to announce you, just limit to one question for the opportunity for others. Next question?

Operator

Thank you. Next question comes from the line of Mark Mahaney from RBC Capital. Please ask your question.

Zachary Schwartzman -- *RBC Capital Markets -- Analyst*

Hi, thank you. It's Zachary Schwartzman on for Mark. Outside of your market based core commerce segment, are any of your newer investments in core commerce between local consumer services, international new retail direct import and logistics growing more quickly from a profitability perspective than you were initially expecting? And can you please provide a ranking here in terms of profitability or loss contribution and any recent learnings from this quarter from these consolidations? Thank you.

Maggie Wu -- *Chief Financial Officer*

Sure, Mark. We mentioned in our earnings that the investment we made within the core is mainly in these four areas, Ele.me, right, Lazada, New Retail and Cainiao. So we make this in the order of spending from high to low or the last level from high to low.

Robert Lin -- *Head of Investor Relations*

Next question?

Zachary Schwartzman -- *RBC Capital Markets -- Analyst*

Thanks.

Operator

Thank you. Next question comes from the line of Gregory Zhao from Barclays. Please ask your question.

Gregory Zhao -- *Barclays -- Analyst*

Hi, management. Thanks for taking my question. So based on the guidance you updated the last quarter, last earnings conference call and your first three quarters earnings result. So this imply some accelerated total revenue growth in your fiscal 4Q. So would you please help us understand the key for acceleration drivers behind. And also do we have any updates to the full year guidance? And also a very quick follow-up. We noticed you already launched some promotions and activities such as the red envelope during the Chinese New Year celebration. So would you please help us to understand how the promotions are compared to last year and what the implication to your user growth and the margin? Thank you.

Maggie Wu -- *Chief Financial Officer*

Right. So when you look at the revenue growth for the quarter, which is 41% year-on-year, it's a big quarter and we think this 41% is very strong. And when you look at the customer management revenue, which shows the acceleration in the growth rate. That's mainly because of the increase in the volume paid clicks driven by higher click-through rates. So that's if you look at the driver for that, that's the -- basically continues the expanded user base, increased engagement and also to optimize the search.

Daniel Yong Zhang -- *Director and Chief Executive Officer*

Yeah, I think that today from a business perspective, we continue to enhance our, I mean, we try to continue to enhance our leadership position in the market. So that's why the new customer acquisition to us is very, very strategic. So that's why so far we focused a lot on these new customer acquisition and retention. And as we said in the script and we -- we have done a lot together with and financed Alipay to acquire new customers. And in terms of the -- in terms of the Chinese New Year promotion, I think we are still on the way. And Alipay just launched their New Year Eve campaign and this become a new IP, super IP encounter. And we anticipate a lot of consumers and we'll participate. And from AGH perspective, we view this as another volume opportunity to acquire new customers. So that's the synergies we have validated and we will continue to do so.

Maggie Wu -- *Chief Financial Officer*

You also asked about the guidance. We don't have any update on guidance.

Robert Lin -- *Head of Investor Relations*

Okay. Next question?

Operator

Thank you. Next question comes from the line of Youssef Squali from SunTrust. Please ask your question.

Youssef Squali -- *SunTrust -- Analyst*

Excellent. Thank you very much. Good morning. Quick question for Joe, if I could. Talking about the government stimulus, I was just wondering if you can point to or share any proof points in recent past that the -- that some of these stimulus work that the government has done so far has actually had a positive impact or the desired impact, how quickly it may have taken shape? One example recently is that in cars and household appliances it looks like the National Development Reform Commission told the state broadcaster, CCTV, that the government will be rolling out some measures to boost that. I was just wondering if you can provide any kind of color you may have on that since you guys have talked about how household appliances saw some slowdown? Thank you.

Joseph C. Tsai -- *Executive Vice Chairman*

Okay. I think the most recent tax relief for small businesses have just been announced very recently just a few days ago. So the effect of that obviously we anticipate that to work through but we haven't seen any actual effect yet at this point. But over the course of the last year, there's also some discussion on the lowering of the VAT rate itself as well as raising the tax exemption level for personal income tax which improved the disposable income level especially the lower income groups. We think that those will all work through. But the bigger point here is that the Chinese government is not getting quite sophisticated in terms of targeting the government measures more toward fiscal policy. We've seen in previous cycles that there's an overall sort of pumping of more liquidity into the system, using monetary policy. But in the previous cycles that might have worked at previous sort of debt levels, but currently we have debt levels in the economy that's -- it's not extremely high but it's sort of at a fairly high point. So the government is turning into fiscal policy to stimulate the economy. We think it's the right thing to do. We think tax cuts will be -- is right on point. And so we anticipate that these various cuts on both the individual spending cuts that encourage both individual spending and also on small businesses will work through the economy over time.

Robert Lin -- *Head of Investor Relations*

Okay. Next question?

Operator

Thank you. Next question comes from the line of Alex Yao from JPMorgan. Please ask your question.

Alex Yao -- *JPMorgan -- Analyst*

Hi, good evening management. Thank you for taking my question. Can you give us an update on your video content strategy into 2019? And how should we think about the P&L impact from the recent Fan Bingbing scandal and the celebrity tax situation? Thank you.

Robert Lin -- *Head of Investor Relations*

So, I'll repeat. So the question is our content strategies -- content spending strategy this year. And then how do we view the, I guess, there's various scandals among the celebrities. How do we view that in terms of our, I mean, for this business?

Daniel Yong Zhang -- *Director and Chief Executive Officer*

We have very consistent content strategies and we will closely monitor the effectiveness of these content strategies. And so far as you said, I think the bulk is quite -- is cooling down. And I think this is good for the market and for the whole, I mean, content market. And the cost of the production, the cost of the actors and actresses actually has been reducing. I think this is good for the healthy growth in the future, and we will continue to monitor -- closely monitor the operating efficiency of the content production and the content distribution. And the key thing is like we want to leverage the user base several hundred million, and in consumer user base, we have in the digital media and digital content area.

Robert Lin -- *Head of Investor Relations*

Okay. Next question?

Operator

Thank you. Next question comes from the line of Han Joon Kim from Deutsche Bank. Please ask your question.

Han Joon Kim -- *Deutsche Bank -- Analyst*

Great. Thank you for the chance to ask a question. I wanted to follow up on the digital media business. And you know, I think Daniel you just mentioned that we have a fairly consistent strategy. But as we integrate this with Ali Pictures as well, how do we think about the KPIs for this business? And should we be anticipating that the current level of losses kind of continue or perhaps widen or perhaps narrow, just kind of a framing. What are the key KPIs that you generally care about for...

Robert Lin -- *Head of Investor Relations*

Right. Han Joon, you were breaking off. So maybe you can -- I believe the KPI that you're looking for -- for this business, right?

Han Joon Kim -- *Deutsche Bank -- Analyst*

Yeah, the key focus of the KPI as the business gets restructured or merged with Ali Pictures?

Daniel Yong Zhang -- *Director and Chief Executive Officer*

Well, I think we focus on the user growth in our digital content business. So actually we see quite robust growth of the number of subscribers this quarter in our content -- in our D&E business. And I think that's very important that we can distribute the content to the broad based consumers we have in Alibaba family. And also we are trying to enhance our user experiences, also to give them multiple, I mean, consumption categories in both physical goods -- in order of the physical goods, local services, as well as digital content.

Joseph C. Tsai -- *Executive Vice Chairman*

Yeah. So, I think just to supplement Daniel, I think because we are -- we have a broad ecosystem of including e-commerce and also local services. So the entertainment business, we don't look at the entertainment business as a stand-alone business in terms of KPIs. Because if you are offering good content and that increases retention for our e-commerce business and also increase per user spend in e-commerce or local services, that is cross-selling and that improves the KPIs in our other segments. So we need to look at those KPIs as a whole. So, thanks.

Han Joon Kim -- *Deutsche Bank -- Analyst*

Great. Thank you very much.

Robert Lin -- *Head of Investor Relations*

Last two questions.

Operator

Thank you. Next question comes from the line of Thomas Chong from Credit Suisse. Please ask your question.

Thomas Chong -- *Credit Suisse -- Analyst*

Hi, thanks management for taking my questions. I have a question about our cloud computing business, given that we have already achieved 50% in terms of the market share. What's our next milestone? And is there any timeline that we can think about the breakeven timing? Thank you.

Daniel Yong Zhang -- *Director and Chief Executive Officer*

Actually, we have very clear cloud strategy and we are very happy to see the progress we've made. And today we are obviously that the market leader in cloud business in China. But if you look at the cloud market in China today, we still believe today it's in the very early stage. In the digital area, every single business need to go to cloud. And also, I think we have -- when people have a defined -- have a definition of cloud and people have various, I mean, talk about various services. So actually in Alibaba ecosystem, we have already built a very strong cloud infra in terms of IaaS ISIS as a service. But in terms of PaaS and in terms of SaaS, we also have a lot of, I mean, expertise. And for example, our middleware and database services is very, very -- are very, very important, very critical in PaaS. And our retail technologies, actually our marketing technologies, our technologies in the -- in Ant Finance and our technologies in Cainiao, are also relevant to all the financial institutions and the logistic companies.

So we try -- we are trying to share these SaaS based technology through our Alibaba cloud into the market. And -- so that's why in our recent organization upgrading and we even renamed the BU of cloud into cloud and intelligence. So, we believe cloud is not only about infrastructure, cloud is all about -- is about the data technology and data intelligence capability. So we want to share this data technology and data intelligence capability into the whole market.

Robert Lin -- *Head of Investor Relations*

Operator, last question?

Operator

Thank you. Next question comes from the line of Jerry Liu from UBS. Please ask your question.

Jerry Liu -- *UBS -- Analyst*

Hi, thanks, guys. I appreciate the earlier comments on macro and regulation. I wanted to see if we can get some similar comments on the outlook for the advertising market this year, especially as some of the larger advertisers reset budgets at the beginning of the year. Thanks.

Daniel Yong Zhang -- *Director and Chief Executive Officer*

Well, actually when we look at the advertising market, actually we don't view this as a separate market, we view this as a part of our core commerce ecosystem. So today most of the merchants, most of the brand partners, advertise on our platform, they don't view us as only a sale platform and neither only a marketing platform. Actually we are the only platform in the world which people can tie marketing, tie branding into the end sales. So how to make this end-to-end a value chain from brand building, from awareness into attention, into purchase and into loyalty customer. This AIPL is the customer lifecycle management opportunities we want to offer to our both merchants, brand partners and advertisers. So we continue to strengthen our unique role in this advertisement world. So again, we are not trying to be one of the advertisement platforms to our advertisers, we try to give them all-in-one ecosystem to help them to generate sustainable growth in the new digital era.