Daniel Zhang -- *Chairman and Chief Executive Officer*

Thank you, Rob. Hello, everyone. Thank you for joining our earnings call today. This quarter, Alibaba Group's business continued to make steady progress.

We remain focused on building long-term capabilities centered around customer value creation despite the resurgence of COVID, China's market economy slowdown, and increasing competition. In the fourth quarter of 2021, China's GDP grew 4%, while total retail sales rose 3% year over year. Both decelerated from the previous quarter due to the confluence of COVID, price increase of raw materials, and other factors. At the same time, the overall trend of digitalization across both consumption and industrial sectors became increasingly apparent and accelerated.

Large Internet companies in China have entered commerce through various ways, and digital consumption formats and user experiences have become increasingly diversified. Against this backdrop, we believe our most important proposition and the biggest opportunity for healthy and sustainable long-term growth are: number one, the ability to continually create new consumption demand and offer innovative consumer experiences; and number two, support the industrial digitalization of our customers. As of quarter end, our annual active consumers reached 1.28 billion globally, representing quarterly net adds of 43 million. In China, our AAC grew from 953 million to 979 million during the quarter, while AACs outside of China grew from 285 million to 301 million.

We are fully on track to deliver the target of 1 billion China AACs by the end of this fiscal year. And Taobao Deals has been the major contributor to our new user acquisition. With 1 billion high-quality AACs, we believe we have substantially captured all consumers with purchasing power in China. We focus on shift from new user acquisition to user retention and ARPU growth.

Despite the impact from slowing retail sales and intensifying competition on our China commerce business, the net year retention rate of new AACs acquired in calendar year 2020 was 86% in 2021. This AAC retention rate held steady against our historical pattern, indicating healthy user stickiness on our platforms. Our overall ARPU or the average annual spend per AAC decreased by a low single-digit percentage year over year in 2021 due to increased contribution of new users from less developed areas. But I want to highlight that ARPU of our AACs, with over RMB 10,000 annual spend on our platform, contributed to -- continued to increase year over year.

Looking ahead, we aim to further strengthen user engagement and time spent through a greater variety of consumption use case offerings. We want to enhance our influence on the consumer's decision-making journey and tailored to reflect unique considerations of each product category. We will shift our focus from spending the total number of AACs in China to driving deeper AAC penetration across product categories. This will ultimately help us capture a more significant consumer wallet share.

Over the past year, we invested heavily in Taobao Deals and Taocaicai. We do not view these two businesses as stand-alone units but integral parts of our China commerce business metrics. The unique value contribution of these two new businesses gradually became clear following several quarters of development. Taobao Deals has been a powerhouse in new user acquisition for China commerce, attracting 280 million AACs within a quarterly net add of 39 million.

Paid orders during the quarter grew over 100% year over year. Taobao Deals and the Taobao App have highly complementary user base, with a higher proportion of price-sensitive consumers on Taobao Deals. There are many ways for us to realize the commercial value of these users. One example is improving supply chain efficiency by connecting manufacturers directly with consumers.

As for Taocaicai, it has been a successful use case extension into the grocery and fresh produce category for price-sensitive consumers. More than 50% of Taocaicai's AACs were first time fresh produce buyers on our platforms. Now that Taobao Deals and Taocaicai have established market presence, we will shift our focus toward quality growth. Through optimizing efficiency, we expect to gradually narrow the operating losses in these two businesses in the next few quarters.

In local consumer business, in the local consumer services, the combined AACs of our To Home and To Destination business have reached 372 million, reflecting a quarterly net add of 17 million. Total order volume grew 22% year over year. On the To Home side, we made meaningful progress in improving unit economics for Ele.me through a city strategy with more disciplined user acquisition spending and improved delivery cost. On the To Destination side, Amap reached a record high of over 200 million DAUs during the National Day holiday in China, while transacting users continued to grow during the quarter.

We believe the picture of Amap transforming from a map navigation tool to a lifestyle services platform centering around destination is becoming more and more clear. For our international commerce business, AACs reached 301 million by December with a quarterly net add of 16 million. Overall order growth continued to maintain healthy momentum at 25% year over year, with Lazada and Trendyol growing 52% and 49%, respectively. AliExpress was negatively impacted by change in European Union's VAT exemptions.

We believe the future of development of international commerce market will be based on the combination of local supply and cross-border supply. Our long-term focus is a balance of both, to fully leverage China's advantage in cross-border supply while organizing local supply effectively. Meanwhile, logistic network development is a priority in our globalization strategy as logistics is the fundamental infrastructure supporting a high-quality consumer experience based on integrated product supply from cross-border and locally. Cainiao has been developing logistic network in Southeast Asia and Europe, leveraging the commerce use cases presented by Lazada, AliExpress and the Trendyol.

We will continue to invest in Cainiao's global logistics network as a cornerstone of our globalization strategy. Additionally, global coverage and capacity in cloud is another essential piece supporting our globalization strategy. This quarter, AliCloud continued to invest in expanding its international infrastructure. We added two data centers in Asia Pacific, one in Korea and one in Thailand.

AliCloud now provides cloud computing services in 25 regions globally. Our cloud revenue grew 20% year over year this quarter. We saw very strong growth in demand from financial services and the telecom sectors, which partially offset slowing demand from some customers in Internet sector. China's cloud market will be a RMB 1 trillion opportunity by 2025, and industrial digitalization today is still in a very early stage.

Alibaba Cloud is committed to serving the real economy for the long term and the digitalization of all industries. Recently, we helped the International Olympic Committee migrate 100% of their core systems onto Alibaba Cloud during the Beijing Winter Olympics. This is the first time in the history of Olympic games that cloud computing has replaced traditional IT infrastructure to support the planning and operations of the games. In the past, each Olympic host city would have to build extensive IT infrastructure and dismantle it after the end of the games.

By replacing the physical infrastructure with cloud-based services, hardware costs will be significantly reduced while application development and deployment will be much more efficient. We see similar opportunities and advantages for digitalization in many industries in the future, such as new energy vehicles, financial services, and healthcare. These industries have high potential with massive demand for cloud computing and digital intelligence. We will leverage Alibaba Cloud's proprietary technology and products to deliver tailored industry solutions.

As China continues to advance toward its carbon peak and neutrality goals, we foresee increasing demand for more reliable and sustainable technology infrastructure as digital transformation deepens across industries. We aim to leverage Alibaba Cloud's product and technology innovations to help our customers find greater energy efficiency. For example, our data centers equipped by liquid cooling technology achieved industry-leading energy efficiency level with a PUE of as low as 1.09. Moreover, our facilities can deliver high performance with lower power consumption, leveraging our proprietary product and technologies.

During our Investor Day this past December, we announced Alibaba's carbon neutrality pledge. By 2030, we're committed to achieving Scope 1, 2, and 3 carbon neutrality for Alibaba Cloud, Scope 1 and 2 carbon neutrality in the operation of Alibaba Group, and reducing Scope number -- Scope 3 carbon intensity by half. Additionally, we introduced a concept of Scope 3+ to facilitate 1.5 gigatons of decarbonization across Alibaba's ecosystem participants by 2035. Since Q4 last year, China's regulators have issued multiple important statements about the digital economy.

They emphasize the need to strengthen China's digital economy, improve its quality and grow its scale. They also promote healthy and sustainable development of the platform economy based on robust platform governance. These principles are highly consistent with Alibaba's own business philosophy and commitment to social responsibility. Looking ahead, we remain focused on healthy and sustainable development by serving our customers, especially SMEs, supporting the digital transformation of industries, serving the real economy, and supporting our community.

Thank you, everyone, for your time. Now I will turn it to Toby, who will walk you through the details of financial results.

Toby Xu -- *Deputy Chief Financial Officer*

Thank you, Daniel. Good morning, and good evening, everyone. This quarter, revenue was around CNY 242.6 billion, up 10% year over year. Our top three revenue contributing segments were China commerce, cloud, and international commerce, which grew by 7%, 20%, and 18% year over year, respectively.

While our China commerce segment may be impacted by slowing macro and increased competition, our cloud and international commerce segment maintained solid growth and are expected to become increasingly important growth drivers in the future. These two segments will continue to contribute to diversification of our revenue base. Income from operations decreased by RMB 42 billion to RMB 7 billion, which included a RMB 25 billion impairment of goodwill in relation to the digital media and entertainment segment. Excluding this impact, the income from operations would have been RMB 32 billion, a decrease of 34%.

Adjusted EBITA decreased by 27% year over year to RMB 45 billion. The decrease was primarily due to our increased investments in growth initiatives such as Taobao Deals, Taocaicai, Lazada, and Ele.me as well as our increased spending for user growth. Many of these growth initiatives saw strong growth momentum, as highlighted by Daniel. Additionally, we have increased the merchant support through incentives to drive merchant adoption of new value-added services as well as strategic reductions in selected service fees to lower merchants' operational expenses in a slowing consumption environment.

We believe this near-term spending builds goodwill with our customers and supports sustainable long-term growth for our China commerce businesses. Now on cost trend for the quarter. Excluding SBC as a percentage of revenue, cost of revenue ratio increased to 60% during the quarter. The increase was primarily attributable to: first, the higher proportion of our direct sales businesses, such as Sun Art, Tmall Supermarket, and Freshippo; and second, strong growth of Taocaicai, Freshippo, and Tmall Supermarket that led to an increase in logistics costs as a percentage of revenue.

Sales and marketing ratio increased to 15% during the quarter. The increase was due to higher marketing and promotional spending for user acquisition and engagement for our mobile commerce apps, such as Taobao Deals, Taobao, Lazada, and Ele.me. Ratios for product development and the general and administrative expenses were steady year over year during the quarter. Now let's review net income and cash flow for the quarter.

Our December quarter net income declined by RMB 58.8 billion to RMB 19.2 billion, which was primarily driven by: firstly, RMB 25 billion in goodwill impairment related to our digital media and entertainment segment, as previously mentioned; and secondly, RMB 21.7 billion decrease in interest and income -- investment income net to RMB 18.4 billion primarily due to lower net gains from fair value changes of our equity investment. Our non-GAAP net income declined RMB 14.6 billion primarily due to a decrease of RMB 16.4 billion in adjusted EBITA. As of December 2021, we continued to maintain and enjoy a strong net cash position of RMB 379 billion or USD 59.5 billion. Our strong net cash position is supported by healthy cash generation.

Net cash flow from operations and free cash flow for the quarter were RMB 60.4 billion and RMB 71 billion, respectively. The difference of approximately RMB 9.4 billion reflected operating capex spending, majority of which is for our cloud business and logistics fulfillment infrastructure. We continue to focus on adding value to shareholders through share repurchases. During the quarter, we repurchased approximately 10.1 million of our ADS for approximately USD 1.4 billion under our share repurchase program.

For the nine months ended December 2021, we repurchased approximately 42.2 million of our ADS for about USD 7.7 billion, representing 51% of our USD 15 billion share repurchase program. Our current share price does not fairly reflect the value of the company. At current price levels, we plan on continuing our share repurchases. At the same time, we will maintain a strong cash position that gives us the financial flexibility for future investments.

Now to our segment results. As mentioned during our Investor Day, we are providing more granular reporting of our commerce segment by further subdividing it into four segments, including China commerce, international commerce, local consumer services, and Cainiao. Our cloud, digital media and entertainment, and innovation initiatives and other segments remain unchanged. Revenue from our China commerce segment in the quarter increased 7% year-over-year to RMB 172 billion.

Customer management revenue slightly declined by 1% primarily due to: firstly, slow-moving condition -- slowing market conditions and competition in the China e-commerce market that resulted in single-digit physical goods paid GMV growth for Taobao and Tmall; then by categories, year-over-year GMV growth in the FMCG and home furnishing categories were faster than overall average. GMV of apparel and accessories and consumer electronic categories grew at a slower pace than overall average. Additionally, as previously explained, we have increased merchant support through incentives to drive merchant adoption of new value-added services. We have also made strategic reductions in selected service fees to lower merchants' operational expenses in a slowing consumption environment.

The increased merchant support resulted in customer management revenue growing slower than GMV growth. We believe a step-up in near-term spending bodes well with our customers and support sustainable growth for our China commerce businesses over the long run. Direct sales and others revenue grew 21% year over year primarily due to revenue contributed by Sun Art, Freshippo, and Tmall Supermarket. Growth deceleration was primarily due to reduced impact of Sun Art consolidation as it was fully lapsed in this quarter.

China commerce adjusted EBITA decreased by RMB 14 billion to RMB 58 billion. This decrease reflected our increased investments in growth initiatives such as Taobao Deal and Taocaicai as well as our increased spending for user growth and support to merchants. It's important to note that our investments in Taobao Deals and Taocaicai have not only generated robust transaction growth and build capabilities but have also been more disciplined with improving unit economics. Taobao Deals paid orders grew over 100% year over year.

At the same time, it successfully executed several initiatives to optimize logistic costs and improve delivery experience for consumers. Taocaicai's GMV grew 30% quarter over quarter. At the same time, its UE per order continued to improve, benefiting from higher regional order density and improving gross margin from enhanced supply chain capabilities. As Daniel mentioned, Taobao Deals and Taocaicai are strategic to our China commerce segment, contributing to new consumer acquisition and expansion of product offerings.

Given their established presence, we will shift our focus toward quality of growth. We will expect Taobao Deals and Taocaicai to gradually narrow operating losses in the next few quarters. Revenue of international commerce continued to exhibit strong growth of 18% primarily driven by solid transaction growth by Lazada and Alibaba.com businesses. Order growth of Lazada was up 52%.

Transaction value completed in Alibaba.com grew approximately 50%. The slower year-over-year revenue growth compared to last quarter was mainly due to: first, single-digit revenue growth of AliExpress, this was primarily due to a year-over-year decrease in number of orders for AliExpress as a result of the value-added tax levied on cross-border parcels below EUR 22 in value in Europe; and second, significant depreciation of Turkish lira against RMB that negatively impacted Trendyol's revenue. Constant currency revenue growth for Trendyol was 60% year over year during the quarter supported by robust order growth of 49%. Adjusted EBITA loss widened by RMB 1.5 billion to RMB 3 billion, primarily attributable to the increase in Lazada's marketing and promotional spending for user acquisition and engagement partially offset by steady profit growth of our international wholesale commerce business.

Revenue of local consumer service business generated strong growth of 27% due to growth in order volume of 22% as well as more efficient use of subsidies that was contra revenue. Adjusted EBITA loss increased RMB 0.7 billion to around RMB 5 billion primarily due to the increased losses of our To Destination businesses including Amap, losses of our To Home businesses including Ele.me slightly increased year over year but narrowed quarter over quarter driven by our disciplined use of acquisition spending and reduced delivery costs. Revenue from Cainiao before intersegment elimination grew 23% to RMB 19.6 billion, which was primarily driven by the growth of fulfillment solutions and value-added services provided to our China commerce retail businesses as well as the increase in revenue from third-party merchants in our cross-border and international businesses. During the quarter, 67% of total revenue was generated from external customers.

Adjusted EBITA loss improved to a slight loss of RMB 92 million given the economies of scale of its businesses and improving gross margin of its cross-border and international businesses. Revenue from our cloud business after intersegment elimination grew RMB 3.3 billion to RMB 19.5 billion. The solid 20% year-over-year growth reflected robust growth from financial and telecommunications industries partially offset by the continued impact of a top cloud customer's decision to stop using our overseas cloud services for its international business due to nonproduct-related requirements and slowing demand from customers in the Internet industry such as online entertainment and education. Excluding the impact of the top customer from the Internet industry, Alibaba Cloud's revenue after intersegment elimination would have grown by 29% year over year.

Alibaba Cloud's revenue is becoming more diversified with revenue contribution from non-Internet industries steadily increasing. Revenue from non-Internet industries accounted for 52% of its revenue after intersegment elimination during the quarter. Adjusted EBITA was RMB 134 million primarily due to economies of scale of its profitable core cloud computing businesses partially offset by increasing investments in DingTalk. DingTalk offers solutions to enterprises to facilitate their digital transformation, enhance the work collaboration, and easy access to Alibaba Cloud's big data analytics and AI capabilities.

Since integrating DingTalk into our cloud business in 2021, we have identified new opportunities and growth initiatives for our overall cloud business, giving us confidence that increased investments in DingTalk will create long-term value for Alibaba Cloud. Our digital media and entertainment revenue during the quarter was RMB 8 billion. Losses slightly narrowed year over year during the quarter. Now let me wrap up with some concluding thoughts.

Our China businesses will be focusing on quality growth, adding value to our customers, and building capabilities. In terms of near-term outlook, despite a challenging macro environment in a high comparison base year over year, our China commerce GMV growth remains resilient. We expect revenue diversification to continue with cloud and international commerce segment exhibiting strong growth. Our various growth initiatives such as Taobao Deals and Taocaicai have established sizable market presence and are delivering tangible results with robust AAC and order growth.

We expect these two businesses to narrow losses in the coming quarters. Lastly, we will continue to build cloud and logistics infrastructure in both China and internationally. Now let's open the floor for Q&A.

Rob Lin -- *Head of Investor Relations*

A consecutive interpretation for the Q&A session, and our management will address your questions in the language you asked. Please note that the translation is for convenience purpose only. In the case of any discrepancy, our management's statement in the original language will prevail. [Foreign language] So operator, please connect speaker and SI conference lines now and start the Q&A session when ready.

Thank you.

Questions & Answers:

Operator

Thank you. [Operator instructions] The first question comes from the line of Piyush Mubayi of Goldman Sachs. Please go ahead. Your line is open.

Piyush Mubayi -- *Goldman Sachs -- Analyst*

Thank you for the opportunity. Thank you, Daniel, Toby for the presentation. My one question is around the growth rates for the business and particularly the core business. Given what parcel numbers are looking like for the month of January, and I don't want to read too much into that number, and the exit run rate we saw for NBS data for the month of December, I wonder if you could, one, talk us through the exit run rate for the third quarter, for the December quarter, for GMV growth as well as CMR growth rate.

And also, if you could broadly guide us to what you think the growth rates we could be expecting in the first quarter of calendar 2022. Thank you.

Toby Xu -- *Deputy Chief Financial Officer*

[Foreign language] OK. Thank you very much for this question. As I explained in my script, in the last quarter, actually, the overall macro condition, if you look at the NBS data, the retail sort of like the growth rate for December but NBS is only like 3%. And our business, as I explained, also impacted by the macro condition as well as competition, so which give us also like single-digit growth.

That's for the December quarter. Then for the new 2020, the first quarter, as I explained, currently, our growth rate, we still have a relatively resilient growth in our GMV. And of course, the market condition is also -- at this stage, is quite -- we still don't see the January number, but we probably will be waiting for the number to out. But at this stage, I think our growth rate is still resilient.

Piyush Mubayi -- *Goldman Sachs -- Analyst*

Toby, what I meant by exit run rate was just for the month of December itself.

Toby Xu -- *Deputy Chief Financial Officer*

[Foreign Language]

Rob Lin -- *Head of Investor Relations*

Next question?

Operator

Thank you. Our next question comes from the line of Thomas Chong of Jefferies. Please go ahead. Line is open.

Thomas Chong -- *Jefferies -- Analyst*

[Foreign language] Good evening, management. Thank you for taking my questions. My first question has to do with your outlook for the performance of different categories in the next few quarters going forward, including FMCG, apparel, and electronics. Can you share with us your forecast on growth and trends in those different categories? Secondly, I'd like to hear from management as to when you think we'll see a turnaround in the consumption slowdown.

Do you think that we'll see a pickup in momentum by, say, the June quarter or the September quarter? And finally, I'd like to hear from management, please, on competition. What will be the future impact of increased competition in the e-commerce space? And what is your strategy to deal with it? Thank you.

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language] Thank you. This is Daniel, and I'll be happy to take this question. First of all, when it comes to GMV, either by category or overall GMV, it is our consistent policy not to give guidance. But I can answer your question in overall terms in the following way.

[Foreign language] So we can look at the macro environment and the e-commerce penetration in different categories from a number of angles. First of all, we can look at the share of different categories in total retail sales, and then we can look at the current e-commerce penetration rate of those same categories. [Foreign language] So if we look at those two categories you singled out, apparel and electronics, due to the rapid development of e-commerce over these past years, penetration in those categories is now relatively high. We're looking at something like 30% or 40%.

[Foreign language] However, if you look at the other categories you mentioned, like FMCG and food, especially fresh foods and groceries, the overall size of the market in those categories is very large, yet e-commerce penetration still remains relatively low. And you'll recall that I talked about this in the presentation I gave at Investor Day back in December, we see very good opportunities for driving online conversion deeper in those categories. Now of course, in order to do that and in order to ensure a good user experience, we need to have highly integrated fulfillment systems and a range of different offerings that cater to different kinds of demand. And that's precisely what Alibaba has put in place with a matrix that includes Hema, RT-Mart with integrated online and off-line operations, our third-party delivery platform, Ele.me, as well as Tmall Supermarket.

So we're organizing supply both from nearby and from nationwide in different consumption scenarios, catering to different kinds of users from the highly affluent through to the more price-sensitive. And by pursuing this matrix strategy, we expect to be able to deepen our penetration in these categories substantially. [Foreign language] On your second question, I would say that live streaming certainly has become a very important part of the digital commerce ecosystem. It's an important means of enriching the user experience and marketing, in particular, certain kinds of categories.

And the Taobao live stream ecosystem, therefore, is an important part and highly integrated into our overall ecosystem as a complementary part of a larger offering. However, different categories and different products are best marketed to consumers in different ways with different kinds of interaction. So live streaming is indeed good, but it's certainly not the only means of getting there. And we do need a multifaceted and rich matrix of services through which to reach users and market products.

[Foreign language]

Rob Lin -- *Head of Investor Relations*

Next question, please.

Operator

Thank you. Our next question comes from the line of Jeremy Lim of UBS. Please go ahead.

Jeremy Lim -- *UBS -- Analyst*

[Foreign language] Thank you for taking my question. My question has to do with Taobao Deals and Taocaicai, where you see them going over the next few quarters in terms UE and further narrowing of losses. If you could talk to us, please, about how UE has been evolving in the face of competition and market developments there and whether that has been improved also by the scaling up of the businesses with larger order numbers.

Toby Xu -- *Deputy Chief Financial Officer*

[Foreign language] Thank you for your question. Well, regarding these two businesses, Taobao Deals and Taocaicai, they were both launched in 2021. I think Daniel already spoke to this in his earlier presentation. We certainly see them as two very important businesses within the context of our China commerce segment.

The two businesses do play different roles. As was presented earlier, Taobao Deals has been very important over the past year in terms of allowing us to drive user acquisition, very significant user acquisition in the lower-tier cities. And the two combined, Taobao Deals and Taocaicai, have allowed us over the past year to make great progress in terms of developing the ability to serve consumers in these lower-tier cities, not only with supply but also with excellent fulfillment capabilities. [Foreign language] With respect to both of these two businesses then, while working hard to grow them in terms of scale, we're also looking at ways to drive efficiency.

Some efficiency improvements are being driven, as you said, by growth in scale. But other parts of that efficiency improvement are coming about of particular initiatives that we're taking to enhance efficiency. So certainly, in Taocaicai, as order density has increased, we're seeing improvement in unit economics. And we're also seeing efficiency enhancement in Taobao Deals as well.

[Foreign language] So in terms of where these businesses are heading in the face of competition going forward, we would certainly look at them as part of our overall China commerce business segment. And of course, we do look at our competitors, but more importantly, we look at ourselves. And as Daniel said, we're fully confident that we can continue to grow these businesses and enhance their efficiency going forward, and we fully expect to see their losses narrowing over the next few quarters.

Rob Lin -- *Head of Investor Relations*

Next question.

Operator

Thank you. The next question is from the line of Alex Yao of J.P. Morgan. Please go ahead.

Alex Yao -- *J.P. Morgan -- Analyst*

[Foreign language] My question has to do with the outlook for growth in China retail -- China commerce GMV. And indeed, this is related to the performance of the overall retail market in China as a whole. How long do you think that this current slump in consumption generally in China will last? When do you think the turnaround will come and consumption will pick up? Do you think it will be like a V-shaped curve or an L-shaped curve? Or are we talking about seeing the first half of a V-shaped curve? And what needs to change to bring about that pickup in consumption? Would it require a stimulus from the government, a relaxation of COVID control policies or something further?

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language] Thank you for your question, Alex. Whether it's going to be a V-shaped or a U-shaped recovery is a good question. And like you, I'd be very keen to know the answer to that. All I can say is, looking at user data on our platform and also looking at data on the current macro environment, I think, yes, both of those things you identified certainly would be helpful in stimulating recovery of consumption.

So if the impact of COVID could be lessened or if there could be stimulus policy from the government put in place to stimulate consumption, those would be positive developments, yes. [Foreign language] But what I would like to emphasize in answering this question apart from the macro picture, and this is true for us, true for everybody in the retail and commerce space, I think what really matters is your ability to innovate, to be innovative in terms of supply and leverage that to create new demand. [Foreign language] I think a very good opportunity -- a very good example of this kind of opportunity was the recently concluded Winter Olympic Games held in Beijing. It's a great opportunity to stimulate new kinds of demand for participation in winter sport activities and the whole winter sport economy in China.

I think that's a great example but indeed just one example of the way in which new demand can be created and new supply can be created to meet that kind of demand.

Rob Lin -- *Head of Investor Relations*

Next question, please?

Operator

Thank you Next question is from the line of Jiong Shao of Barclays. Please go ahead.

Jiong Shao -- *Barclays -- Analyst*

[Foreign language] Toby mentioned in his earlier presentation that the group is carrying out a share repurchase program. You're rebuying shares. You also have some 70 billion in cash on your books which could be used to create shareholder value. And there's also the possibility in addition to that of spinning off certain hidden assets to create shareholder value.

We heard back in December at your analyst event the Trendyol was in the process of raising funds. We've also more recently seen from the media that Lazada may be in the process of raising funds. We know that competitors are spinning off some of their subsidiaries to create shareholder value. So I'm wondering if you could tell us about those kinds of opportunities, your plans in those spaces, especially around cloud and also around China commerce.

Thank you.

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language] Thank you. This is Daniel. I'll be pleased to take that question. If you look at where Alibaba Group is today as a business, we're very much being driven by a multi-engine strategy.

The group has expanded into multiple different business areas that are mutually complementary, but each has unique user value and a unique user community. [Foreign language] We believe that the market has not placed sufficient value on Alibaba's business in terms of how it's being driven by a multi-engine strategy. The full value of each of these businesses together is not being reflected in where we're at today. And this is a big part of the reason why we're pursuing a share buyback strategy.

[Foreign language] So each of these different businesses, including Cainiao, including our local services offering, in particular Ele.me, but also Lazada, Trendyol, which you mentioned, are no longer simply internal business units, internal divisions of Alibaba Group. They're operating as independent companies. So certainly going forward, where we have these businesses that can create a closed loop and operate as stand-alone entities, we will maintain an open attitude to do, as we have indeed done in the past, deals that bring in more diverse investor bases and help these companies grow as independent entities. In sum, in the long term, we will certainly pursue strategies that are conducive to the creation of long-term shareholder value and customer value.

Thank you.

Jiong Shao -- *Barclays -- Analyst*

Thanks. Thanks, Daniel. Thanks, Rob.

Operator

Thank you. The next question is from the line of Eddie Leung of Bank of America. Please go ahead.

Eddie Leung -- *Bank of America Merrill Lynch -- Analyst*

[Foreign language] Thank you management. Good evening. Two questions, if I might. First of all, has to do with the impact of the growth of the 1P model in certain parts of your business.

I'm wondering if the greater share of your business being 1P may lead to a situation where you're competing with merchants on the platform. And then secondly, tying into the previous conversation we had about certain BUs growing fast, driving a lot of user acquisition. And we're seeing a lot of these new users that have joined the Alibaba digital economy coming from a couple of these new BUs. But I'm wondering, if some of these BUs become more independent, how can we make sure that there'll be a good synergy between them and the other businesses and the new users they're bringing on forward will also contribute to the overall Alibaba economy? Thank you.

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language] Thank you. This is Daniel. I'll be happy to take that. As to your first question regarding the two different business models, the 1P model versus the platform model, Alibaba really takes no side and has no preference.

To us, it all boils down to which model can best serve the consumer. We put the consumer's interest first. [Foreign language] Secondly, when it comes to how we engage with merchants, be it in the 1P model or the platform model, it's fundamentally our concern to find ways to help merchants better serve consumers, not just in terms of helping merchants to sell products to consumers but helping them to develop their brands and to leverage consumer data, to engage consumers and to grow their business. So the 1P model for us is absolutely not about erecting a wall between merchants and consumers.

It's really about helping to get goods to the consumer more efficiently with more flexible pricing but, at the same time, allowing for consumers to be engaged by merchants. And we always hope for consumers to remain in touch with the merchants and for the merchants to be able to leverage data to better manage and grow their businesses. So these several aspects are all integrated. [Foreign language] So what Alibaba is offering to merchants is a highly integrated portfolio of different possibilities, including the 1P model, including the platform model, so different business models; but also multiple scenarios, including hyperlocal commerce and nationwide commerce.

So with this complete basket of different offerings, it's possible to better engage consumers and possible for merchants to build their brands and grow a healthy business. [Foreign language] On to your second question, which had to do with how to ensure good consumer engagement across all different businesses as they develop, we fundamentally believe that we must adopt the consumer, the user point of view and looking at how we organize and how we run our businesses because, at the end of the day, all of our businesses are built on serving the consumer well, and we need to be able to do that across all of them. [Foreign language] So something we're working on very, very hard is segmenting the different consumers that we have in China with closing in on 1 billion AACs in China today. It's very important that we segment them and, with our different offerings, provide differentiated value to these different segments of consumers.

So this is something that's a fundamental importance to us. We're working hard on it every day, segmenting the 1 billion consumers and presenting to them a comprehensive consumer business matrix that satisfies their differentiated demand.

Eddie Leung -- *Bank of America Merrill Lynch -- Analyst*

[Foreign language]

Operator

Thank you. The next question is from the line of James Lee of Mizuho. Please go ahead.

James Lee -- *Mizuho Securities -- Analyst*

Great. Thanks for taking my questions. My question is mainly on cloud. Now given the slowdown we're seeing in the Internet industry, I'm just curious what is your plan to diversify the revenue base.

It seems like that's your business plan. And maybe help us understand which verticals are logical for your business expansion and why. And lastly, along with that line of investment in cloud, what kind of investment do you need to make to expand, not only your vertical exposure and also from a product and sales perspective. [Foreign language]

Daniel Zhang -- *Chairman and Chief Executive Officer*

Well, actually, after years of effort, we've already built a very diversified customer portfolio in our cloud business. And as we shared in our earnings this quarter, 52% of our cloud revenue are from non-Internet customers. I think actually, this percentage actually is, if you look at the past few years, track record is going up. So we will -- over time, we will continue to diversify the -- this portfolio.

[Foreign language] As I shared in my remarks, actually today, we are still in the early stage of industrial digitalization in China. So for all the industries, they are going to be a data-driven company, and they need a new generation of tech infra to support this digital transformation. So I think in this regard, we see a huge opportunity in the coming years. This definitely will be a RMB 1 trillion market.

[Foreign language] Well, in terms of the industries, as I said before, we keep close eyes on the new industries, I mean, which will generate a massive amount of data and which will consume the computing volume, high computing power, I think, and also need a more intelligent data intelligence technology. So I think for those industries, we definitely think it will drive the growth of the cloud business. And also with the mutual collaboration, it's also very good for the -- to build the ecosystem, which is also relevant to your second question. [Foreign language] Our investment strategy for the cloud computing is to first to enhance our proprietary technologies.

And the second will be to enhance the power of the ecosystem, to have more, I mean, strategic partners in the cloud ecosystem. [Foreign language]

Rob Lin -- *Head of Investor Relations*

Let's take the last question.

Operator

Yes. Thank you. Our last question is from the line of Alicia Yap of Citigroup. Please go ahead.

Alicia Yap -- *Citi -- Analyst*

[Foreign language] Thank you, management. Some quick follow-up questions on cloud. We understand that the impact of that one Internet company stopping the use of Alibaba Cloud services around a year ago from the March quarter has been ongoing. But we expect to see international revenue for cloud reaccelerating starting from, would you say, the March quarter? And how do you view competition and price trends in the cloud space? And in a more macro sense, do you think that there are perhaps many companies out there that need to get on the cloud, but they're perhaps delaying that decision in the current macroeconomic environment for the time being? And then quickly turning just to Cainiao.

We saw that growth of Cainiao's business outside of the Alibaba ecosystem was only 15%. I'm wondering if you could talk to us about how you see Cainiao's revenue growing going forward with respect to serving external customers.

Daniel Zhang -- *Chairman and Chief Executive Officer*

[Foreign language] Thank you. So starting with the first part of your question about the impact of that large cloud customer not making use of Alibaba Cloud services overseas over the past several quarters, indeed, we've seen the impact of that reducing progressively quarter-by-quarter, and we're now entering a new cycle. But I think the key point to be made is that we now have a much more diversified customer base. Especially if you look at the number of large customers, there are now very few, a small number of large customers that account for more than 2% of revenue.

So we're highly diversified, and that positions us well for the future. [Foreign language] Regarding the next part of your question as to the impact of the overall macro environment on the current growth pace of the cloud business, I think you have to look at different sectors differently. There's this broad process of industrial digitalization that's unfolding. But this digitalization is needed both by companies in traditional sectors but also by other companies in new and emerging sectors.

We talked about things like new energy, indeed, new energy vehicles, healthcare, and other sectors. And these are all sectors that, on the one hand, require massive amounts of computing power and, secondly, need to leverage very powerful data intelligence capabilities. So I think we do need to take a sector-by-sector approach to define the strategy and look in particular at those sectors that have those kinds of needs for massive computing power and for data intelligence. And it's really important to understand that, that really is what the cloud is about.

The cloud is not simply about replacing traditional IT infrastructure. And China is just getting started in this process. [Foreign language] Thirdly, on Cainiao, following many years of investment in development, Cainiao itself today also enjoys a multi-engine growth strategy. There are many pieces to its business.

It has Cainiao Post. It has first and last-mile delivery capabilities. It has B2B , it has supply chain services. And now with the growth of Taobao Deals, it's supporting the manufacturer to consumer, the m2c business model.

Overseas, it's built a very large cross-border parcel service and now supply chain network as well. And going forward with further development in B2B, I think we can expect to see the export side also to be very robust. And all of that is underpinned by the international cargo network that Cainiao has built up. So I think there's huge potential for Cainiao given this diversified business matrix.

And as a member of the Alibaba family, we want Cainiao to be well-positioned to serve the different parts of Alibaba's businesses internally with an integrated design, providing the logistics underpinning as well as to be able to service other customers. And we can find ways to create further growth for it with incremental growth in our different businesses.