

Government regulation casts shadow over Alibaba breaking user milestone

Article

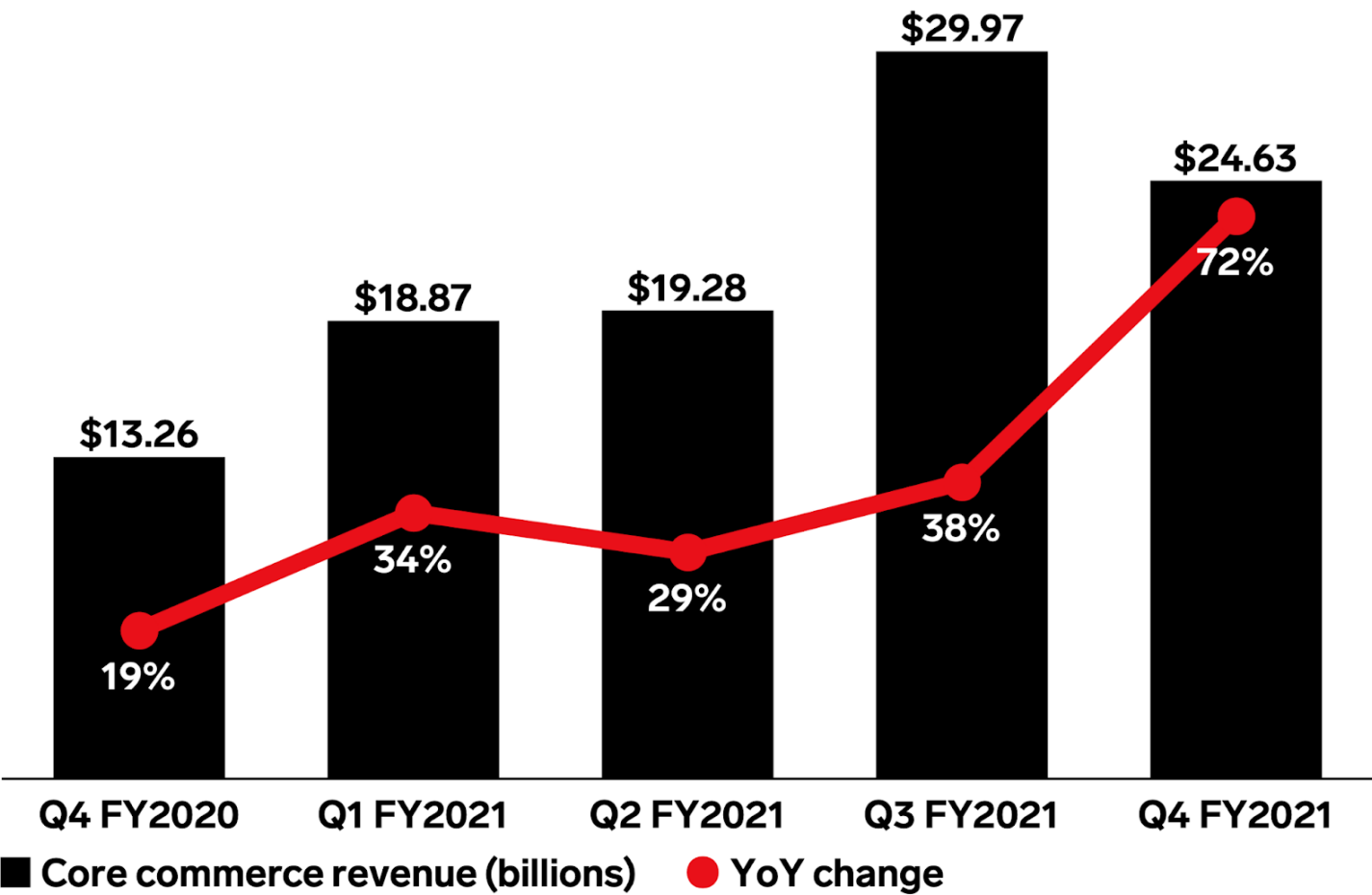
The news: Alibaba recorded a quarterly operating loss of **\$1.17 billion** in its [fiscal Q3 2021](#) (ended March 31, 2020) despite its strong performance during the period. The loss, the first

since the China-based ecommerce giant went public in 2014, resulted from China's antitrust regulators [fining](#) the company **\$2.78 billion** for taking advantage of its leading position in China's ecommerce market.

More on this: The etailer still posted impressive retail revenue growth and cracked 1 billion users despite the regulatory attention. Alibaba's total core commerce revenues for the quarter were **\$24.63 billion**, up **72%** year-over-year (YoY), significantly improving on the **38%** YoY growth it turned in the [previous quarter](#). It also recorded **1 billion annual active customers** globally in a fiscal year for the first time, suggesting Alibaba still has no trouble attracting users and sales despite regulatory attention.

What's next? Alibaba is positioned to rack up more sales, but China's shifting regulatory environment could limit its capabilities going forward. The State Administration for Market Regulation is still investigating Alibaba, CEO Daniel Zhang said on an [earnings call](#), so it's possible Alibaba will face additional fines or new restrictions on its operations. China's government has already [asked](#) Alibaba to sell its media assets, and similar requests could pop up and limit the scope of Alibaba's ecosystem—and through that, it's ability to drive sales.

Alibaba Core Commerce Revenue



Note: Alibaba's fiscal Q4 2021 ended March 31, 2021.
Source: Alibaba, 2021
Methodology: These figures are from Alibaba's quarterly earnings releases.