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# Amazon's AI Eyesore. After Just Walk Out Fail, Should Investors Be Worried?

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Written by **Jeremy Bowman** for **The Motley Fool** →



Amazon's ([NASDAQ: AMZN](#)) Just Walk Out technology, long showcased by the company as a revolutionary retail innovation, is more human than tech, it turns out.

According to news first reported in *The Information*, the network of cameras and other devices that powered the cashierless Just Walk Out technology in Amazon Go, Amazon Fresh, and Whole Foods stores still mostly depended on humans to verify the transactions. The report said that about 70% of transactions at Just Walk Out stores had to be reviewed by an Amazon team of more than 1,000 people in India.

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Amazon has pushed back on that claim, but the company does seem to be largely stepping back from its Just Walk Out

Licensing it to other retailers also seemed like a viable, potentially multi-billion-dollar revenue stream. Those hopes now seem totally dashed.

So what does all this mean for investors considering Amazon stock? Let's dive in.



Image source: Amazon.

## What's happening with Just Walk Out

Whether or not it's true that 70% of Just Walk Out transactions were verified in India, Amazon is pulling the technology from its Amazon Fresh and Whole Foods grocery stores in the U.S. A little more than half of Amazon Fresh stores had Just Walk Out installed only recently. The technology will remain in the Amazon Go convenience stores.

Rather than using Just Walk Out, Amazon is leaning into its smart Dash Carts, which have a scanner and screen contained in the shopping cart so they can track your purchases as you shop and show you how much you've spent.



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Amazon sees these carts as a more reliable and practical solution, and they give s they're spending as they shop, which Just Walk Out does not do.

## Is it just cost-cutting or is there a bigger problem?

Scaling back the Just Walk Out technology seems like a logical step under that regime as the technology was not living up to its promise. But it also represents a significant failure in an area of artificial intelligence where Amazon seemed to have an advantage.

Other signs have emerged that call Amazon's AI strategy into doubt. The company just announced it was cutting several hundred jobs at its Amazon Web Services cloud computing division, a sign that growth in that segment may not be living up to expectations.

Amazon also recently made a second investment in Anthropic AI, spending \$2.75 billion on top of its initial \$1.25 billion last fall. Anthropic is the parent of the Claude chatbot and also counts **Alphabet** as a major investor. In fact, Alphabet was the first to forge a relationship with Anthropic. For Amazon, even the Anthropic investment seems to signal it's late to the AI race, making the move after Alphabet and after **Microsoft** invested in OpenAI.

Amazon stock is approaching a record high, but the qualities that made the company great seem to be a bit lacking these days. Even as it's generating record profits, AWS is growing more slowly than rivals Microsoft Azure and Google Cloud. Its e-commerce business is also losing market share to **Walmart**.

That might not be cause for alarm yet, but Amazon's bull run looks due for a breather. With Amazon appearing to trail its big tech peers on some fronts and pulling back on innovations like Alexa and Just Walk Out, its traditional [competitive advantages](#) perhaps don't look as strong as they once did.

## Should you invest \$1,000 in Amazon right now?

Before you buy stock in Amazon, consider this:

The *Motley Fool Stock Advisor* analyst team just identified what they believe are the [10 best stocks](#) for investors to buy now... and Amazon wasn't one of them. The 10 stocks that made the cut could produce monster returns in the coming years.

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