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TECHNOLOGY

Google Stock Falls As Gemini Chatbot Generates Criticism

REINHARDT KRAUSE | 04:25 PM ET 02/26/2024

Shares in Google parent **Alphabet** (**GOOGL**) fell below the key 50-day moving average on Monday as the internet giant grappled with the fallout from criticism of its "Gemini" artificial intelligence system. GOOGL stock is about break-even in 2024 with Monday's retreat.

On the **stock market today**, Google stock slipped 4.4% to close at 137.57, falling below the **50-day line**. Alphabet was on track for its lowest close since early January.

Wedbush analyst Daniel Ives, in an email, called the Google sell-off on Monday "way overdone as Google has a massive opportunity on AI with the Street giving no credit. Gemini headwinds but we believe Google is one of the core winners in AI revolution."

Investors have been digesting mixed news on the artificial intelligence front. "Generative" AI has emerged as a battleground for Google versus **Microsoft** (**MSFT**), Facebook-parent **Meta Platforms** (**META**) and others.

Gemini's Human Imagery Goes Astray

Google last week stopped allowing users of its Gemini chatbot technology to generate images of humans. The move came after Gemini users produced pictures of Black Founding Fathers in American history as well as other imagery.

Google admitted to issues with "inaccuracies in some historical depictions." Also, Google didn't say for how long it would be suspending the ability to generate human images.

Google is battling OpenAI, whose biggest investor is Microsoft, to develop the best training models for AI systems. Generative AI can create text, images, sounds and video.

Large language models understand the way that humans write and speak. They allow users to interact with AI systems without the need to understand or write algorithms.

How AI Training Models Work

The models process "prompts," such as internet search queries, that describe what a user wants to get. LLMs require training data for specific tasks. They're made of neural networks — or mathematical models that imitate the human brain — that generate outputs from the training data.

What sets OpenAI's ChatGPT, Google's Gemini and other large language models apart is the size of data sets, called parameters, used to train the LLMs. The more data a large language model is trained upon, the more powerful its capabilities can become. But the models can also misfire.

Competition has been pressuring Google to speed up the release of commercial AI products. Google debuted its Gemini AI training model on Dec. 6. Google announced the availability of Gemini 1.5, an improved AI training model, on Feb. 15.

The same week, The Information reported that OpenAI is developing its own web search product that would more directly compete with Google. OpenAI last week introduced new technology that uses AI to create high-quality videos from text descriptions.
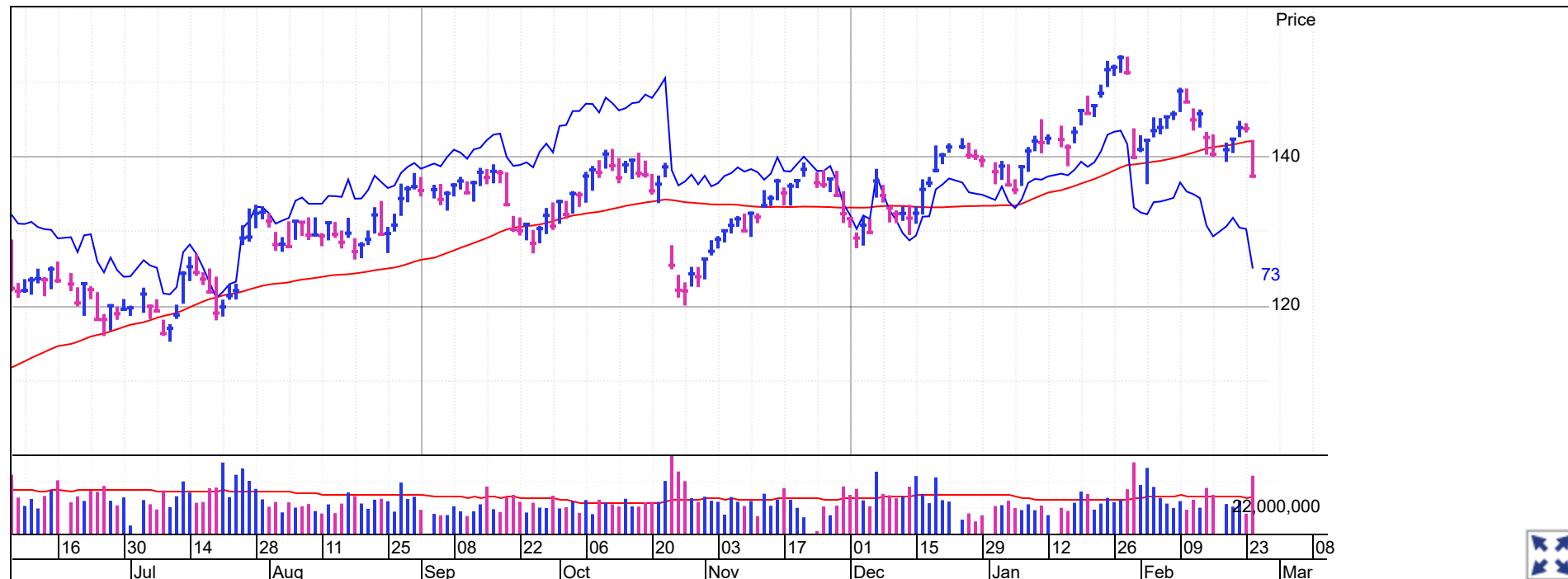
Gemini Powers Advertising Tools

Despite some setbacks, Google has been gaining traction in some areas. In February, it launched new Performance Max advertising tools powered by Gemini. Performance Max ad tools automate buying across YouTube, internet search, display, Gmail, maps and other applications.

Also, Google aims to monetize subscription-based Gemini products.

Google plans to launch an "AI Premium" version of Google One office productivity tools. A consumer subscription plan that comes with 2 terabytes of storage will cost $19.99 monthly.

Alphabet Cl A (GOOGL) $137.57 6.39 ⬇ 4.44%

02/26/2024 (Market Close)

Also, Google's **relative strength line** has been weakening since it reported fourth quarter earnings. Further, institutional ownership also has weakened.

GOOGL stock holds an **Accumulation/Distribution Rating** of D. That institutional ownership rating analyzes price and volume changes in a stock over the past 13 weeks of trading.

Meanwhile, investors should watch whether Google can reclaim its 50-day line.

*Follow Reinhardt Krause on X, formerly called Twitter, **@reinhardtk_tech** for updates on artificial intelligence, cybersecurity and cloud computing.*

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