

# New iPhone goes on sale with less drama

June 19 2009, By PETER SVENSSON , AP Technology Writer

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An exterior view of an Apple Store in Munich, southern Germany, Friday, June 19, 2009, where the launch of the new iPhone 3GS attracted only a few customers. (AP Photo/Matthias Schrader)

(AP) -- The new iPhone went on sale Friday morning, greeted by much smaller lines and less hoopla than previous models.

A few hundred people were in line just before the 7 a.m. opening of Apple Inc.'s flagship store on Manhattan's Fifth Avenue, a fraction of the people who lined up around the block for last year's launch.

That launch turned into a debacle as Apple's servers failed to cope with the load of new customers trying to activate their phones. People who already had iPhones were trying to install a software update on the same day, adding to the pressure.

This year, Apple and AT&T Inc., the phone's U.S. carrier, defused the drama by taking pre-orders for the new phone online. That means fewer prospective buyers had a reason to stand in line, and it sped up the activation process.

Apple also released its software update for previous customers two days early. There were only scattered reports of problems with that upgrade.

For new customers signing a two-year contract with AT&T, the 3G S model that went on sale Friday costs \$199 or \$299 depending on the memory capacity. Compared to the 3G, it has a faster processor and an upgraded camera.

AT&T said it had taken pre-orders for "hundreds of thousands" of 3G S phones.

Owners of the previous model, the [iPhone](#) 3G, will have to pay more than that. Most of them are not eligible for the new-customer pricing because the AT&T subsidizes the cost of the phone and requires customers to "pay off" the subsidy through their monthly service fees before it will subsidize a new phone.

In line at the Fifth Avenue store, Brandon Dennie, 27, was not put off by the prospect of having to pay the unsubsidized price of \$599 for the new phone. He's had a 3G for only six months, so he didn't qualify for the lowest price.

He's creating his own subsidy by selling his old phone for \$200 to a colleague, and he has an [Apple](#) gift card.

"I want the video option and the speed," Dennie said.

In its two-year life, the iPhone range has revolutionized phone design

and given AT&T a leg up on its rivals in recruiting customers willing to pay high monthly fees.

At an AT&T store in the New York borough of Queens, there were three people in line at 5:45 a.m. Sarah Gates and Ed Phyfe, the couple who were first in line, didn't know about the pre-order option until it was too late, and wanted to be sure to get phones from the small stock set aside for walk-ins.

"We got Sprint smart phones since just before the first iPhone came out, and we immediately regretted it," said Gates, 33. She has nothing against Sprint Nextel Corp., but the Motorola Q phones were awful, she said.

"I feel kind of bad to leave Sprint ... but I don't like any of the phones they have half as much the iPhone," she said.

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