

AT&T temporarily halts online iPhone sales in NYC

December 28 2009



In this July 21, 2009 file photo, a customer displays an Apple iPhone 3GS at an Apple store in Palo Alto, Calif. AT&T Inc. suspended online sales of iPhones to New Yorkers over the weekend for unknown reasons, then abruptly started selling them again just as mysteriously on Monday. (AP Photo/Paul Sakuma, file)

(AP) -- AT&T Inc. suspended online sales of iPhones to New Yorkers over the weekend for unknown reasons, then abruptly started selling them again just as mysteriously on Monday.

Spokesman Fletcher Cook said only that the phone company periodically "modifies" its distribution channels. He had no further comment on the resumption in sales, and officials with phone maker Apple Inc. did not immediately return messages for comment.

Bloggers speculated that the sales suspension was a means of managing data traffic, since AT&T has acknowledged that its network is overburdened with iPhone users in New York and San Francisco.

However, because the phones were still available in New York retail stores and from Apple Inc.'s Web site, the ban may have instead been an attempt to curb buyers who renege on the service contracts and resell the phones to customers of other carriers overseas.

On AT&T's Web site, buyers who supplied New York City ZIP codes were told on Monday morning to "Please shop for another phone." By afternoon, though, the Web site raised no obstacles when the same ZIP codes were supplied.

It was not clear whether the iPhone suspension had applied to all New York ZIP codes or just certain ones, nor was it known why New York was targeted.

AT&T sells a new iPhone 3GS with 16 gigabytes of memory for \$199, with a two-year contract requirement. A buyer who doesn't pay the monthly service fee is assessed a \$175 early contract termination fee, but that still leaves room for a reseller to profit. The phone sells for \$600 on eBay after it's been modified with software to work with the networks of overseas carriers.

In November, AT&T competitor Verizon Wireless doubled its maximum early contract termination fee for smart phones to \$350 partly to protect itself against resellers. That move drew scrutiny from the Federal Communications Commission, which asked the company why the fee needed to be so high. Verizon said the old \$175 termination fee didn't cover the difference between what it charges customers and what it pays manufacturers for the phones.

©2009 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: AT&T temporarily halts online iPhone sales in NYC (2009, December 28) retrieved 23 April 2024 from <https://phys.org/news/2009-12-att-temporarily-halts-online-iphone.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.