

Crowd too big, Beijing Apple store cancels sale

January 13 2012, By JOE MCDONALD , AP Business Writer



A Chinese man in a red hood reacts since he is pushed away by police officers after he refused to leave the Apple Store as stains of eggs are left in its glass wall in the background in Beijing Friday, Jan. 13, 2012. An angry crowd shouted and threw eggs at Apple's Beijing flagship store after it failed to open on schedule Friday to sell the popular smartphones. (AP Photo/Andy Wong)

(AP) -- Raw eggs splattered and streaked the gleaming windows of Beijing's Apple store Friday, hurled by angry and frustrated shoppers

when the launch of the iPhone 4S was canceled due to fears over the size of the crowd.

The incident highlighted the role of Chinese middlemen who buy up wildly popular iPhones or smuggle them from abroad for resale at a big markup.

Hundreds of customers - including migrant workers hired by scalpers in teams of 20 to 30 - waited overnight in freezing temperatures outside the Apple store in a shopping mall in Beijing's east side Sanlitun district.

When the store failed to open as scheduled at 7 a.m., the crowd erupted in anger. Some pelted the store with eggs and shouted at employees through the windows.

A person with a megaphone announced the sale was canceled. Police ordered the crowd to leave and sealed off the area with yellow tape.

There were shouts of "What are you doing?" and "Go in! Go in!" as some of the people were pushed away from the entrance.

Employees posted a sign saying the iPhone 4S was out of stock.

"We were unable to open our store at Sanlitun due to the large crowd, and to ensure the safety of our customers and employees, iPhone will not be available in our retail stores in Beijing and Shanghai for the time being," said Apple spokeswoman Carolyn Wu.

The iPhone 4S quickly sold out at other Apple stores in China, Wu said. She said the phone still will be sold in China through Apple's online store, its local carrier China Unicom Ltd. and authorized resellers.

Wu declined to comment on what Apple might know about scalpers

buying iPhones for resale.

China is Apple's fastest-growing market and "an area of enormous opportunity," CEO Tim Cook said in October. He said quarterly sales were up nearly four times from a year earlier and accounted for one-sixth of Apple's global sales.

Apple's China stores are routinely mobbed for the release of new products.

The company has its own stores only in Beijing and Shanghai, with a handful of authorized retailers in other cities, so middlemen who buy iPhones and resell them in other areas can make big profits, said Wang Ying, who follows the cellphone market for Analysys International, a research firm in Beijing.

"Apple is making a lot of money, so it is not too concerned about the scalpers," Wang said.

Wang and other industry analysts said the size of the underground trade and price markups are unclear.

In Shanghai, stores limited iPhone 4S sales to two per customer. Several hundred people were waiting when the stores opened, bundled up against the cold. Some passed the time playing mahjong.

Buyers included 500 older people from neighboring Jiangsu province who were hired by the boss of a cellphone market, the newspaper Oriental Morning Post said. They arrived aboard an 11-bus convoy and were paid 150 yuan (\$23) each.

Online bulletin boards were filled with comments about Friday's buying frenzy, many complaining about or ridiculing the scalpers.

An Apple contractor manufactures iPhones in China, but new models are released in other countries first. That has fueled a thriving "gray market" in China for phones smuggled in from Hong Kong and other markets.

Last May, the Sanlitun store was closed for several hours after a scuffle between an employee and a customer during the release of the iPhone 4, the previous model in the series.

Customers began gathering Thursday afternoon outside the Sanlitun store. People in the crowd said the number grew to as many as 2,000 overnight but many left when word spread the store would not open. About 350 people remained when the protest erupted after 7 a.m.

"On the one hand there is poor organization and on the other there were just too many people," said a man outside the Sanlitun store who gave only his surname, Miao. "I don't think they prepared well enough."

Another man who refused to give his name said he was a migrant laborer who was paid 100 yuan (\$15) to wait in line overnight.

Others said scalpers had organized groups of 20-30 migrant workers to buy phones or hold places in line. Organizers held colored balloons aloft to identify themselves to their workers.

Beijing resident Zhu Xiaodong said he was waiting to buy the phone for himself.

"I just like the 4S," he said, adding that he was upgrading from the previous iPhone 4 model.

The iPhone 4S had its debut Oct. 14 in the United States and six other countries.

The delay between the release of Apple products in the U.S. and in China has yet to affect the company's reputation with Chinese customers, said Ted Dean, managing director of BDA China Ltd., a research firm in Beijing.

For other products, such a delay "sort of gives the impression here that you're not giving the Chinese consumer a fair shake," Dean said. "But demand and that `cool factor' is so huge for Apple products that you don't hear that about them."

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Citation: Crowd too big, Beijing Apple store cancels sale (2012, January 13) retrieved 27 April 2024 from <https://phys.org/news/2012-01-apple-halts-sale-iphone-4s.html>

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