

Samsung halts sales of Galaxy Note 7 after new troubles

October 11 2016, by Brandon Bailey And Audrey Mcavoy



Dee Decasa holds her replacement Galaxy Note 7 smartphone in an aluminum pan at her home in Honolulu on Monday, Oct. 10, 2016, one day after the phone released smoke and sizzled. Samsung said it is halting sales of the Galaxy Note 7 after a spate of fires involving new devices that were supposed to be safe replacements for recalled models. (AP Photo/Audrey McAvoy)

Samsung said Tuesday it is halting sales of the star-crossed Galaxy Note 7 smartphone after a spate of fires involving new devices that were

supposed to be safe replacements for recalled models.

The company ordered the suspension of sales on the recommendation of South Korean safety officials, who say they suspect a new defect in the replacement phones that may not be related to its batteries.

"We would have not taken this measure if it had looked like the problems could be easily resolved," Oh Yu-cheon, a senior official at the Korean Agency for Technology and Standards that oversees product recalls, said in a phone interview. He said it would take more time than the agency originally thought to figure out what's wrong.

In the meantime, the agency is urging consumers not to use the phones.

Last month, Samsung issued a global recall. It blamed a tiny manufacturing error in the battery that it said made the phones prone to catch fire.

Oh said the investigators are studying a different defect from the one Samsung said it had found in the first batch of Galaxy Note 7s.

"The improved product does not have the same defect. That's why we think there is a new defect," Oh said.

In a statement issued late Monday, Samsung Electronics Inc. said consumers with original Note 7 devices or replacements they obtained after the recall should turn them off and seek a refund or exchange them for different phones.



This Monday, Oct. 10, 2016 photo taken in Honolulu shows Dee Decasa's replacement Galaxy Note 7 smartphone one day after the phone released smoke and sizzled. Samsung said it is halting sales of the Galaxy Note 7 after a spate of fires involving new devices that were supposed to be safe replacements for recalled models. (AP Photo/Audrey McAvoy)

Officials from the U.S. Consumer Product Safety Commission echoed that advice, saying they are investigating at least five incidents of fire or overheating reported since a formal recall in the U.S. was announced on Sept. 15.

"No one should have to be concerned their phone will endanger them, their family or their property," said Elliot Kaye, chairman of the safety commission, in a statement. He called Samsung's decision to stop distributing the device "the right move" in light of "ongoing safety concerns."

NEW OVERHEATING INCIDENTS

The announcement follows several new incidents of overheating last week and deals a further blow to the world's largest smartphone company. Leading wireless carriers have already said they would stop distributing new Note 7 phones as replacements for the earlier recall.

Samsung said it would ask all carriers and retailers to stop selling the phones and providing them as replacements for recalled devices. It said consumers should return their phones to the place where they purchased them. They can also get information from the company's website .

Analysts say the new problems pose a crisis for the South Korean tech giant, which is locked in fierce competition with Apple and other leading smartphone makers.

"This has been a real black eye on the product," said Ben Bjarin, a consumer tech industry analyst with the Creative Strategies firm.



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WHAT'S CAUSING THE FIRES?

The new reports also raise questions about the cause and extent of the problem. Samsung has not said which of its two battery suppliers made

the faulty batteries in the earlier Note 7s or clarified whose batteries are used in which Note 7 smartphones.

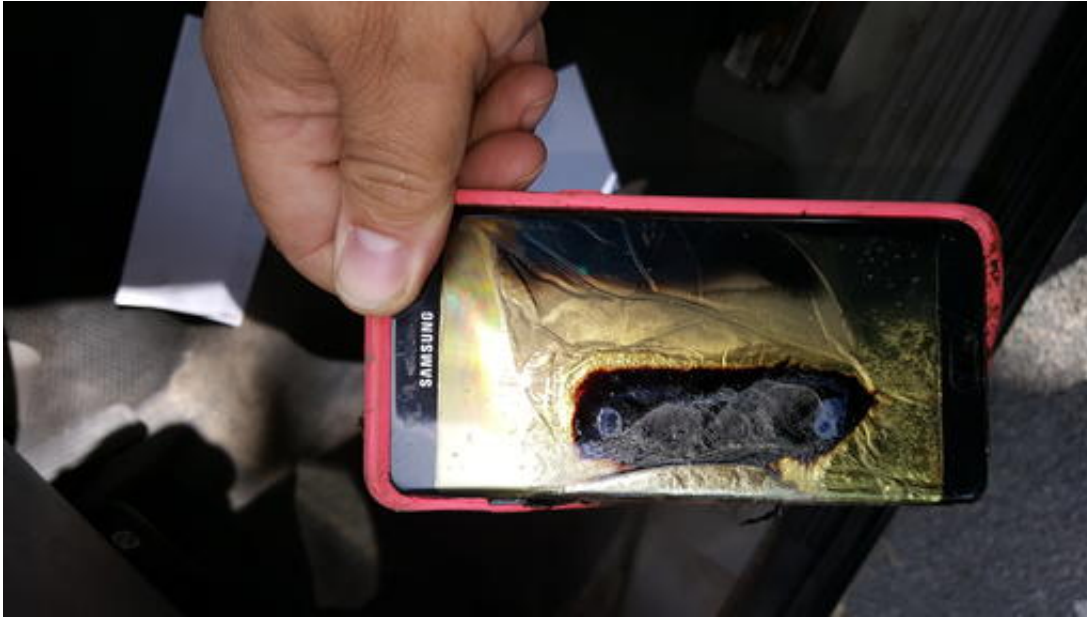
"What's happened in the last few days just complicates things enormously," said analyst Jan Dawson of Jackdaw Research. "It calls into question their ability to manage quality control and everything else that goes into that."

Samsung did not indicate if it knows what caused the latest problems.

"We are working with relevant regulatory bodies to investigate the recently reported cases involving the Galaxy Note7," the company said in its statement. It said "consumers' safety remains our top priority."

Earlier, a spokesman for the U.S. [safety commission](#) said his agency is investigating five Note 7 incidents reported since Sept. 15, although he said investigators had not confirmed whether all five involved recall replacements. But four consumers have told the Associated Press that their replacement phones caught fire—including two in Kentucky, one in Minnesota and one in Hawaii.

AFTER THE FIRE



This Friday, Oct. 7, 2016, photo provided by Andrew Zuis, of Farmington, Minn., shows the replacement Samsung Galaxy Note 7 phone belonging to his 13-year-old daughter Abby, that melted in her hand earlier in the day. "She's done with Note 7s right now," Zuis said of his daughter. Reports of more replacement phones catching fire are trickling in, and the South Korean tech giant faces more scrutiny after earlier criticism for being slow to react and sending confusing signals in the first days of the recall. (Andrew Zuis via AP)

Dee Decasa of Honolulu had just visited the Samsung website on her new Galaxy Note 7 when it began smoking Sunday morning. She was double checking that the replacement phone she received was OK. She took a screen shot of the page confirming her new phone was fine.

"Then boom, there was like a pop. I had it in my hand and then smoke started spewing out, this green yucky thing," said Decasa, a bookkeeper.

She screamed for her husband and ran out of her bedroom. He grabbed an aluminum pan from the kitchen and told her to put the phone in there. They called 911, and the phone was still sizzling when a policeman

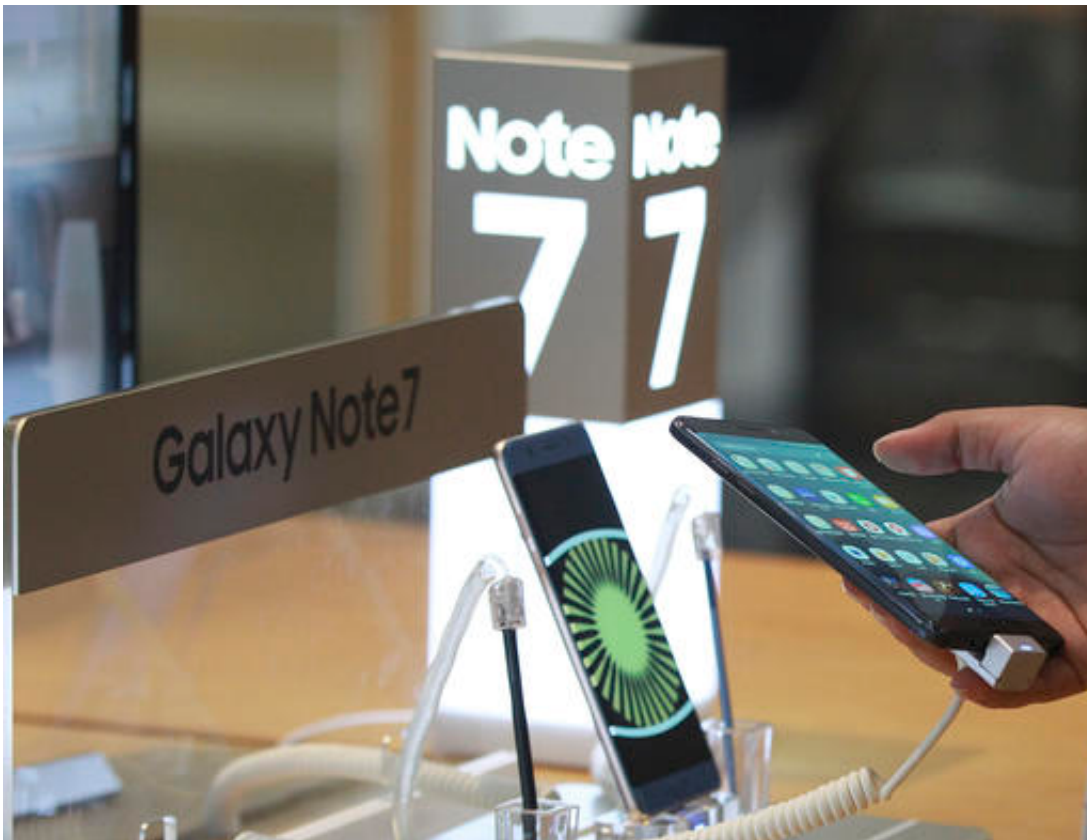
came about 20 minutes later.

Decasa said she thought "What happened? We were reassured these were the replacement ones." No one was injured.

Her husband said the plastic protective case his wife had around her phone may have protected her. Part of the plastic case appeared to have melted and got stuck to the aluminum pan.

The Decasas said Samsung is sending a representative to Honolulu Tuesday to meet them and examine her phone.

A BLOW TO SAMSUNG



A visitor tries out a Samsung Electronics Galaxy Note 7 smartphone at the

company's shop in Seoul in Seoul, South Korea, Monday, Oct. 10, 2016. Samsung Electronics has temporarily halted production of its Galaxy Note 7 smartphones, South Korea's Yonhap news agency reported Monday, following reports that replacements for the fire-prone phones were also overheating. (AP Photo/Ahn Young-joon)

The Note 7 is not Samsung's most popular device; Samsung sells far more units of its Galaxy S7 phones than the more expensive Note 7. But analysts say the issue could hurt the company's reputation and overall standing with consumers.

The company's shares fell 6.2 percent by midday Tuesday in Seoul.

Samsung sells about a third of all high-end smartphones priced above \$400, while Apple sells slightly more than half, according to Credit Suisse investment analyst Kulbinder Garcha. He predicted in a report Monday that the new Note 7 problems will help Apple increase its share of the market.

Consumers can get more information from Samsung at samsung.com/us/note7recall/ target="_blank">www.samsung.com/us/note7recall/ or by calling (844) 365-6197.

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