Samsung Galaxy Note 7

Introduction

The Samsung Galaxy Note 7 was a new smartphone released on August, 2016. It was the most powerful and expensive product of Samsung, it had to compete with Apple smartphones, the main competitor.

The Galaxy note 7 had everything to be successful but we will see in this presentation why this product only lasted 2 months.

First of all, we will show you a short video which briefly presents the timeline of this failure.

[Video]

Part 1

At the beginning of the month of August 2016, Samsung announced that it will release a new phone with very high-end features : it has the biggest size, the best power, the best screen, the best camera… Many said that this was the best smartphone ever made.

According to an article from The Washington Post, this phone has been advertised most of the time for its battery size which could make the phone powered on for nine hours, and announced to be “a key that opens the door to new experiences on the go”.

The demand was so strong all over the world that Samsung has limited the number of pre-orders and could not satisfy customers at the time of product release on August 24.

**The Washington Post extract: September 17, 2016**

The Samsung Galaxy Note 7 was supposed to be the next jewel in the South Korean company's line of Android smartphones, touted for its bigger battery that could power the phone for an impressive nine hours.

The entire phone was, as the company advertised, "designed to be a key that opens the door to new experiences on the go."

Part 2

The problems started at the end of the month when several users complained that the device was overheating before going up in flames and others said that the phone could explode. Samsung said the cause of these problems seems to be their battery conception.

Many videos circulated on the internet and social networks about these defective smartphones.

On August 25th, the U.S. Consumer Product Safety Commission claims for a recall of these new phones due to “26 reports of burn and 55 reports of property damage, including fires in cars and a garage” according to The Washington Post’s article in September 17th, 2016.

On september 2nd, Samsung chose to recall defective phones and to implement phone replacement procedures. This procedure takes around twenty days, and the biggest problem was that in some countries the procedure hadn’t been implemented, such as China for exemple which didn’t expect to have these battery problems.

On october the 5th, it got worse : a replacement phone caught fire in a plane.

On october the 10th, Samsung demanded a stop of production, and the next day the repatriation of all phones.

**The Washington Post extract: September 17, 2016**

The recall followed numerous recent reports, including one last Tuesday, when Port St. Lucie police officers responded to a report of a car on fire in a residential neighborhood in the southern Florida beach city. They found a vehicle "fully engulfed in flames."

The driver, who was unharmed, told police he had been charging his Samsung 7 phone when it burst into flames.

**The Guardian extract:**

In one incident, passengers were evacuated from a Southwest Airlines flight in Kentucky [...] after a replacement Note 7 started smoldering and making “popping noises” soon after its owner boarded the plane.

**BBC extract: 11 October 2016**

"We recently readjusted the production volume for thorough investigation and quality control, but putting consumer safety as top priority, we have reached a final decision to halt production of Galaxy Note 7s," the company said.

Part 3

The video we watched just before was released on October 12, 2016, only one day after the demand for repatriation of phones. At this moment, we didn’t yet know the exact cause of this failure, and there were still phones sold in stores.

What happened next ?

Airlines banned the Galaxy Note 7 on planes, so much so that in the USA, bringing this phone on planes was considered a crime.

People had to return their phones and to not use them anymore.

The end of this tragic story was obtained at the beginning of the next year, when Samsung published a report where Samsung confirmed that it was the fault of the batteries. At this time, 3 millions of Galaxy Note 7 have been sold and since then, Samsung has managed to recover 96%, although some stubborn people have refused to return their devices.

Samsung lost $17 billion in this case, without taking into account that Samsung's rating lost $25 billion in the stock exchange, and that the image of the South Korean company was at its lowest.

However, Samsung learned a lot thanks to this fiasco, and has developed a brand new safety check program.

**The Guardian extract:**

Social media images of photographs of charred Note 7 phones have only added to the humiliation felt by Samsung, an iconic South Korean firm that has built a reputation for innovation and quality since entering the consumer electronics market in the late 1960s.

Two US mobile carriers have said they will stop issuing new Galaxy Note 7 smartphones after recent reports of replacement devices emitting smoke or bursting into flames.

AT&T said on Sunday it would stop exchanging new Note 7 smartphones due to reports of fires from replacement devices that Samsung said contained safe batteries.

T-Mobile said it was temporarily halting sales and exchanges of new Note 7s. South Korea’s largest mobile carrier, SK Telecom, said it was monitoring the situation, while KT Corp, the country’s No.2 carrier, said it had taken no action on new Note 7 sales or exchanges.

The latest problem with the Note 7 will frustrate Samsung’s attempts to repair its battered reputation and result in severe financial penalties, with some analysts predicting that the worst recall crisis in the firm’s history could cost it US$5bn in revenues.

“I thought the Note 7 matter was coming to an end, but it’s becoming an issue again,” said CJ Heo, a fund manager at Alpha Asset Management. Heo said he expected Samsung to recover from short-term damage to its reputation, but added that the recall crisis would hit fourth-quarter sales of the Note 7.

Despite the recall, Samsung said last week that its third-quarter profit rose 6 percent to about $7bn on total sales of $43.9bn, thanks to income from Samsung’s other products.

The company sold 76m smartphones in the second quarter of 2016, most of them lower-priced models.