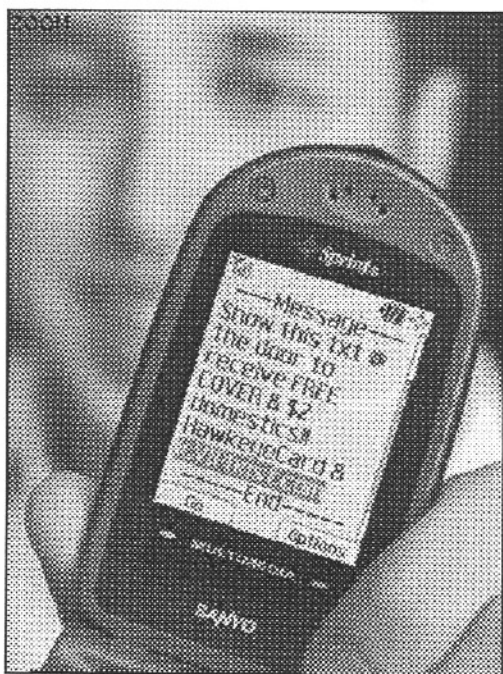


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HARRY BAUMERT/THE REGISTER

What's on tap: University of Iowa student Ian Jacobson displays a cell phone text message that advertises bar specials. Jacobson and his business partner, fellow student Kane Johnson, set up their company through a new entrepreneurship program that the university supports.

Decoding the message

Text message abbreviations used to advertise Iowa City drink specials:

STT - Show This Text
SpoCo - Sports Column, downtown Iowa City bar
SoCo - Southern Comfort
2nite - Tonight
Jack - Jack Daniel's Tennessee Whiskey
Cap'n - Captain Morgan Spiced Rum

Next craze in marketing?

Three young Des Moines businessmen

U of I venture mixes messages on drinking

ERIN JORDAN
 REGISTER IOWA CITY BUREAU

March 23, 2006

Iowa City, Ia . — University of Iowa students Ian Jacobson and Kane Johnson follow the business mantra: Know your customer.

Their customers, mostly U of I students, want inexpensive alcohol. That's why Jacobson and Johnson started a company that sends students cell phone text messages with exclusive drink specials, food deals and admission discounts at Iowa City bars.

The university helps pay for their endeavor through a new entrepreneurship program.

That's the same university that is trying to fight its reputation as a party school and to combat underage drinking.

"I hate to tell you, but there is a drinking problem in Iowa City," said Jacobson, a U of I senior from Glencoe, Ill. "Well, not a problem, but a large portion of Iowa City's economy is supported by alcohol."

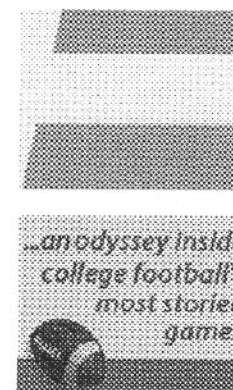
The U of I established the Stepping Up Project in an attempt to curb underage and binge drinking, and it hosts alcohol-free events. Yet the university provides financial support to Jacobson and Johnson, two of 17 student teams housed at the new Bedell Entrepreneurship Learning Laboratory.

"Just because we, as faculty, don't agree with a business doesn't mean we should discourage it," said Lynn Jahn, assistant director of the John Pappajohn Entrepreneurial Center.

Jacobson got the idea for text message alerts from a Chicago bar, he said. He teamed with Johnson, a U of I senior from West Des Moines,

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aim to be at the forefront of what they see as the next craze in marketing: ads and notices sent to your cell phone. **Read** how the technology works and how to avoid being inundated by advertisements.

who runs a Web site called Iowa City VIP Host that advertises drink deals and beer promotions. People can sign up at the site for text messages about exclusive specials for five Iowa City bars, Jacobson said.

"We usually send out notices every Thursday, Friday and Saturday," Johnson said. Typical deals include 2-for-1 drinks and half-price shots, he said, but students who are younger than 21 only get messages about reduced cover charges.

More than 300 students have signed up for the free service. The entrepreneurs aren't making money yet, but the plan is for bars to pay for the advertising, he said.

Ali Nielsen, a U of I junior from Des Moines, doesn't get the cell phone alerts but said they sound like a good business idea. "Bars provide a service, and those students are obviously taking advantage of those services," she said.

The text message business is an example of the pervasive alcohol advertising to young people, said Jim Clayton, co-chairman of Stepping Up's executive council.

"They are not encouraging the responsible use of alcohol by offering it at the lowest price," he said. "Maybe they should have an occasional message that says, 'Make your next drink coffee.'"

Nearly 70 percent of U of I undergraduates surveyed in 2004 said they binge drank in the previous 30 days, U of I Student Health Services reported. About 650 students were required to attend alcohol counseling or programming in 2004-05, with referrals of first-time offenders up 40 percent from the previous year, health services reported.

The entrepreneurial learning lab, opened in 2003 in an old fraternity house, provides student start-ups with office space, computers, Internet, fax machines and one-on-one mentoring from business faculty, Jahn said. The lab's annual budget of \$18,000 comes mostly from an endowment established by Tom Bedell, a member of the Iowa Board of Regents and chairman of Pure Fishing in Spirit Lake.

Other lab start-ups involve computer software, real estate and architectural design, Jahn said.

Jacobson's and Johnson's business may be controversial, but it is teaching the students important lessons, she said. "Learning that drinking is a sensitive subject is a valuable thing for a young person," Jahn said.

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Message service loses U of I support

The university says the students' original business plan didn't include promoting drink specials.

ERIN JORDAN
REGISTER IOWA CITY BUREAU

March 24, 2006

Iowa City, Ia . — The University of Iowa will no longer support a student-run company that sends cell phone text messages alerting students about drink specials, a spokesman said Thursday.

Students Ian Jacobson and Kane Johnson have used space in the U of I's Bedell Entrepreneurial Learning Laboratory to develop businesses that involved a student discount card, a Web site promoting Iowa City nightlife and, most recently, a company that sends subscribers regular text messages with exclusive deals on alcoholic beverages and bar admission.

"We don't condone that specific business plan. We're not going to support this through the Bedell Entrepreneurial Learning Lab," U of I spokesman Steve Parrott said.

The decision came hours after The Des Moines Register published an article about the U of I's support of the venture. The university has long tried to fight excessive drinking by students and its reputation as a party school.

Parrott said the students were admitted to the lab with different business plans.

Jacobson, a U of I senior from Glencoe, Ill., got the idea for the alerts from a Chicago bar, he said. He teamed up with Johnson, a senior from West Des Moines, who runs a Web site called Iowa City VIP Host. About 300 people have signed up for the text messages about specials at five Iowa City bars, Johnson said.

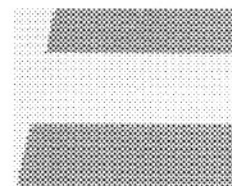
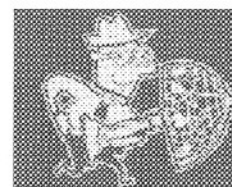
Students who are 21 and older receive messages about alcohol specials, but minors get messages only about reduced cover charges, Johnson said.

Jacobson declined to comment Thursday. Johnson could not be reached.

The entrepreneurial learning lab provides student startups with office space, computers, Internet, fax machines and one-on-one mentoring from business faculty.

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EDITORIAL

Program deserved UI's support

It's no secret that Iowa City's economy is largely supported by alcohol-related business sales. However, this fact seems only to receive media attention when students are involved, as with the issue currently at hand involving two UI students and their entrepreneurial (and now controversial) text-message service.

The students, both over 21, have teamed to expand the website Iowa City VIP Host, which advertises drink deals, to include text messaging of drink specials, food deals, and discount cover charges at Iowa City bars. The problem: Their endeavor was being supported by the UI Bedell Entrepreneurship Learning Laboratory, which opened in 2003 and provides student start-up businesses with office space, equipment, and one-on-one mentoring from business faculty. We say "was" because on March 23, a *Des Moines Register* article all but condemned the venture, and — although Lynn Jahn, the assistant director of the Pappajohn Entrepreneurial Center, had defended the relationship to the *Register* — the UI's support had been withdrawn by the end of that day.

Clearly, there is a market for such a service, as evidenced by its more than 300 users at the UI. And, while it does capitalize in part on one of the more unfortunate aspects of Iowa City life, image concerns should not be the deciding factor in the university's choice to support the program. It is unfortunate the university feels obligated to disassociate itself just because alcohol is involved; ultimately, the

potential success of the business merits the UI's continued involvement.

In the past, we have warned of the unfortunate signal sent by text-messaging services such as this, which can reinforce the overall effect of drink specials and encourage the consumption of as much alcohol for as little cost as possible. But, for many thousands of UI students, drinking is perfectly legal.

It should also be noted that the service has taken steps to ensure only those who are 21 and older receive drink-special messages; underage students only get messages about reduced cover charges, for example. And the text-messaging venture is not applicable only to bars but restaurants and other establishments that offer periodic deals. That caution in itself shows that the entrepreneurs aren't simply advocating binge drinking or encouraging underage alcohol abuse.

The university may believe pulling its support for the business is just another step in its fight against the school's reputation as a party school. The reality, however, is that the UI chose its public image over its core purpose to foster a creative learning environment. Its decision likely will not sink the program, but it sends a chilling message to future entrepreneurs about the amount and consistency of support they can expect to receive. Instead of concentrating on image, the university needs to remember its main purpose is to educate students and provide them with opportunities to succeed.