

NAVIGATING COMPLEX WATERS

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YouTube entrepreneurs Nate Buchanan and his wife Kara created a profitable channel highlighting their full-time travels abroad. Through a series of income streams including patrons who sponsor the couple per video uploaded, the couple's income is directly tied to the goodwill of their audience. One of the trips the couple took on a river cruise through Myanmar began to erode some of the goodwill with their audience. The YouTube channel began getting sharp criticism through negative comments. The couple had recently achieved profitability through their channel. Because of this crisis, however, their future could be in peril. How should they proceed considering the mounting criticism?

This case was made possible through the generous cooperation of Nate Buchanan.

INTRODUCTION

Nate Buchanan looked down at the screen and saw something he was not used to. His latest video published to YouTube had the support from many of his channel's followers. The subscribers to the Kara and Nate channel were used to the optimistic and enthusiastic coverage of exotic destinations, delicious street food, and interesting characters. But this time was different. The 29-year-old Nashvillian and his wife were posting videos of their river cruise through Myanmar. The country was a political hotbed after the genocide involving the Rohingya Muslims. In their videos, Kara and Nate showed a beautiful country filled with gracious and kind people. But some of the channel's followers were critical. "No way I'm giving money to a country so blatantly committing massacre of a whole ethnic group" wrote one follower. Another wrote, "Choosing to ignore the plight of the Rohingya is like going to Poland in WWII and saying, 'yeah, well the concentration camps are only happening over there.' The military junta in Burma has sanctioned ethnic cleansing of non-Buddhists and please don't ignore that." Nate (Kara and Nate, 2018). Kara and Nate Buchanan were living a dream. It was a lifestyle he and Kara

worked hard to create. Was it now all slipping away? He thought about what had led to this.

THE “REBEL” ENTREPRENEUR

In December 2012, Nate received his MBA from the University of Tennessee, Knoxville focusing on entrepreneurship and innovation. Nate believed strongly in both of those ideas. He called himself a “rebel” who was against the “deferred life plan” which he described as “working hard during the best years of your life so that when you’re old you’ll have time to enjoy life.” He proposed pursuing the “Bucket List Lifestyle.” According to Nate, it is a “proactive choice to design your life around marking things off your bucket list.” He was willing to sacrifice the conventional to pursue his dreams. Nate wrote on his personal blog, “if you’re not proactive in designing another lifestyle for yourself our culture will default you in that direction, and you’ll look up when you’re 65 and wonder how you got there” (Buchanan, n.d.).

In 2014, Nate co-founded Peanut Butter Printing. The company brought together his passion for entrepreneurship and an altruistic mission. For every \$100 his company brought in for printing jobs, his company contributed 10 meals for malnourished populations. He felt good about making a profit while making a difference to those who had a harder time. But this was not the rebellion he had planned. He knew there was more he wanted to accomplish. He knew there was another itch he needed to scratch.

LIVING THE DREAM

It began after he married Kara, his high school sweetheart. He and Kara had taken a once-in-a-lifetime honeymoon to Belize, and both were smitten by travel. They loved their trip and wondered if it had to be “once-in-a-lifetime” and if it could become a sustainable lifestyle. “I had been mildly obsessed with the idea of full-time travel for a few years,” wrote Nate, “but in January 2015 we were sitting at Dairy Queen, and something was different about this conversation. We were seriously discussing what it would take to make it a reality, and not just dreaming about ‘what ifs’” (Guillbeau, n.d.).

He and Kara were in a unique position. They were living in an apartment with relatively little expense. They did not have children and other than local family, they were not tied to their home outside of Nashville. If they were ever going to pursue full time travel, this was it.

PACKING BAGS

He knew if he was going to make full time travel possible, he would need to start saving. Living expenses would be less in some ways. He would not need to make

a car payment or monthly rent on an apartment. But he also knew he would have constant expenses such as transportation, accommodations, and food. To meet these expenses, he began saving money. He estimated that he and Kara could live on \$75 a day which would include transportation, food and accommodations. Some places would be more expensive, and some much cheaper. But an average of \$75 a day meant that to keep traveling for a year, he would need a little more than \$27,000. Including travelers insurance for any health problems, Nate and Kara saved \$30,000 to cover their expenses.

He also knew he could “make money” by traveling cheaply. He had recently become interested in “travel hacking,” a hobby he learned through the Internet. The strategy was to pool travel points from sign-up incentives and strategic spending through several credit cards. For example, by signing up for one airlines business credit card, Nate was able to earn 100,000 miles on American Airlines. This way, he could get discounted or free airline tickets, hotel rooms or house rentals. Within two years, he had amassed 1.8 million frequent flyer miles (Guillbeau, n.d.). He also learned about other travel shortcuts such as “mistake fares” which gave travelers unintended deals on mispriced airline tickets. In one memorable mistake fare, Nate flew 92,000 miles in three round trip flights between Brazil and Hong Kong to earn 313,000 airline miles.

HITTING THE ROAD

After telling friends and family their plan to live the “digital nomad lifestyle,” on January 10, 2016, Kara and Nate began their adventure by going to Japan. As a way to keep connected with friends and family, they began a YouTube channel (Kara and Nate) where they documented their travels. They learned some video editing skills after agreeing to produce a video for a friend’s wedding and learned how to post their videos to their newly created YouTube channel. Equipped with two carry-on suitcases, two backpacks, a couple of laptops and a camera, the two began putting check marks next to bucket list items.

Friends and family loved seeing their videos, but something happened along the way. Shortly after starting their year-long odyssey of travel, people outside of Nate and Kara’s circle of friends began following their YouTube channel. Nate had developed a system where he would contact different tourist attractions with the promise they would review their services in exchange for free experiences. In July of 2016, Kara and Nate went shark cage diving off the coast of South Africa, swam with dolphins in Mauritius, and toured in a safari submarine and sub scooter through this arrangement. According to Nate, their YouTube channel was getting over 400,000 views per month.

Initially, Kara and Nate had difficulty finding sponsors willing to offer them free accommodations and free access to tourist activities, but after their first few sponsors, they had many other offers. Their audience was made up largely of budget travel or people who preferred to view their videos that featured the accommodations that budget travelers would use. For example, they got fewer views when staying in high end resorts and more views when they stayed in accommodations that were more within the means of their audience. So they made a conscious decision to opt for budget accommodations over high end resorts. As time progressed, Kara and Nate became quite skilled at filming videos, video editing, and in giving their videos catching titles to attract viewers. Videos about Kara and Nate waiting for hours in an airport, Nate stubbing his toe or facing other difficulties could receive many views. They named some of their videos after exciting things they did in their travel, but in many cases, videos named about their difficulties would bring in more views. For example, "WE MISSED OUR FLIGHT: (Barbados to Nashville)" got many times more views than "RIDING CAMELS IN THE OMAN DESERT!" or "FLYING WITH A WATER JETPACK | Jetblade Barbados". For some reasons, videos about riding on trains also seemed to be exceedingly popular with viewers.

BUILDING A BUCKET LIST BUSINESS

Nate began to monetize his yearlong adventure by using his YouTube channel to promote "streams of revenue." Beginning in July of 2016, Nate started putting together income reports showing how the couple was making and spending money (see Table 1 for a financial summary). He wrote, "We're currently monetizing our channel through four main revenue streams: YouTube ad revenue, Patreon, an e-book, and affiliate income." Nate had written an e-book documenting how to purchase inexpensive airline tickets. Patreon was a place where people who create can solicit financial support from patrons. Finally, Nate had become an Amazon affiliate and recommended products the couple supported and used. The income from these sources, however, were meager. In July of 2016 YouTube ads for the month had generated \$486.67, the e-book brought in \$104, and affiliate revenue was \$6.07.

In July 2016, the couple had passed several milestones. In their six months of travel, they had toured over two dozen countries including Australia, New Zealand, Singapore, the Philippines, Kenya, South Africa, Nepal and Zanzibar. They had produced over 100 videos, and developed a voice, a style, a logo, a simple mission (visiting 100 countries by March 2019) and refined their editing skills. They established a strong brand but were still trying to create an income. In his report for this month, Nate showed the couple had spent \$3,208.95 more than they had brought in. In August of 2016, they spent another \$4,149.83 after subtracting income. But by the end of 2016, Nate and Kara had begun to see their full-time

travel could turn a profit. Their number of channel subscribers also steadily climbed. In July 2016, they had approximately 9,600 subscribers and by the end of the year they had almost tripled to 26,800. Built on faith in their message and consistent growth, the couple decided to extend their one-year adventure.

In the second quarter of 2017, they showed their first profit. It was only \$2,110.97. But it was the first time they made more than they spent. By the fourth quarter of 2017, Nate would report the couple had made \$10,598.50, and in the first quarter of 2018, two years after leaving Nashville, the couple reported making \$22,379.55. Their subscriber base was also a little over 35,000 by April of 2018, and their video views were up to 6.5 million. The couple had also increased income streams to include two online courses they had developed, advertisers such as Audible audiobooks and Quip toothbrushes, affiliate income from online music producer Epidemic Sound, approximately \$450 per video in Patreon subscriptions, and promoting a tour they were developing in Italian wine country. They had built a strong brand built on their personality and goodwill of their audience. Their hard work was rewarded in April 2018 when they received a prestigious Shorty Award as best travel vloggers of 2017 against strong competition.

By April 30, 2018, they were beginning to make a sustainable income. Their income streams included affiliate income from visitors clicking on links on their website to Amazon and other companies. They continued to receive income from courses and e-books. They also received income from Flight Deal Alerts, a service that allowed subscribers to receive alerts about special deals on airfares for \$2.99 a month. Those who purchased one of their e-books could receive access to Flight Deal Alerts for 6 months for just \$1. They also received some income from licensing portions of their video clips to companies and for making videos advertising services for sponsors. They were also bringing in increasing amounts of money from Patreon. A chart listing their revenue and expenses is found at the end of this case.

The optimistic tone of their videos occasionally broached more serious themes. For example, on a tour of the North Korean demilitarized zone (DMZ), they noted criticisms of the totalitarian regime in power. However, the couple made a concerted effort not to engage in political commentary. They continued to focus on creating videos from a tourist's perspective.

TROUBLED WATER

Their trip up the Irrawaddy River in Myanmar was like any other Kara and Nate vlog. Video #494 started with shots of Myanmar, a cup of coffee and an animated logo. The Irrawaddy series was sponsored by Paukan Cruises, the company they

used for the ten-day cruise. The video series introduced an exotic locale with beautiful shots, an excellent soundtrack and delightful commentary.

The Rohingya Muslim genocide

In 2017, approximately one million Rohingya Muslims occupied Myanmar. Rakhine is a state within Myanmar on the western coast of the country which contained the greatest concentration of Rohingya Muslims in the country. The dominant religion in Myanmar is Buddhism, and the local population of Rohingya were largely immigrants from Bangladesh, which borders Bangladesh on the western side of the country. UN Secretary-General Antonio Guterres called them “one of, if not the, most discriminated people in the world.” The local inhabitants saw the Rohingya as largely illegal immigrants and the government denied citizenship to the Rohingya. Rakhine is composed of hundreds of small villages (What you need to know about the about the Rohingya crisis, 2020).

In late August of 2017, a series of attacks led by the Arakan Rohingya Salvation Army (ARSA), attacked primarily Hindu communities. This para-military group was made up of primarily militant Muslims. One such attack included the village of Ah Nauk Kha Maung Seik. ARSA fighters killed 53 Hindus, starting with men. Eight Hindu women and eight children were abducted and forced to convert to Islam. (“Myanmar: New evidence reveals Rohingya armed group massacred scores in Rakhine state,” n.d.) In retaliation, local military and groups of Buddhists responded by burning several Rohingya villages and killed at least 6,700 Rohingya as well as 730 children under the age of five. The BBC reported 288 villages were destroyed by Myanmar militants primarily along the Rakhine coast and populated by primarily Rohingya Muslims (“What you need to know about the Rohingya crisis,” 2020).

The world reaction characterized the military attacks as a genocide of the Rohingya people. The leader of Myanmar denied the allegations of genocide. However, the small, Muslim-majority country of Gambia filed a case at the International Court of Justice (ICJ) and requested emergency actions be taken against the Myanmar military. Some of the world saw the attacks on the Rohingya as an overreaction, while a large part of the world saw it as planned extermination.

Flooded with problems

Kara and Nate’s trip down the Irrawaddy, one of the main rivers in Myanmar. They shot footage approximately 100 miles from where the worst of the military action took place.

The reception from some viewers to the video of the Irrawaddy River trip was scathing. Some called the videos too flippant or naive and compared it to glossing

over the holocaust in World War II. Others could not understand how they could indirectly support a malevolent government with their tourist dollars. On the other hand, many viewers supported the couple and their goal of introducing the world to this beautiful country. The video series introduced a hard-working crew aboard the ship, friendly locals, interesting local customs. The people in the videos were not soldiers but civilians. Yet, despite this, the government which represented them had allegedly engaged in heinous acts.

Nate Buchanan looked at the comments of posters on YouTube. Some posters were supportive of his travels, but others were passionate about the Myanmar government. With a business which had so recently become profitable, and an adventure of a lifetime, what should he do?

Table 1

Financial Summary in US Dollars

Quarter	2016- Q3	2016- Q4	2017- Q1	2017- Q2	2017- Q3	2017- Q4	2018- Q1
Revenue							
Affiliate Income	272	188	1273	629	739	1389	4979
Courses & E-Books	422	151	3582	6182	3224	4420	8675
Flight Deal Notifications	29	14	131	58			
Licensing & Sponsors				700			
Merchandising Sales		1505					
Patreon	374	345	1738	2685	3814	3845	6501
Video Licensing			2069	1827	2715	9718	14684
Video Sponsorship							1500
YouTube	1731	737					
Total Revenue	2828	2940	8793	12081	10492	19372	36339
Expenses							
Accommodations			-1968		-1886		-1083
Business Expenses	-1028	-137	-1686	-2625	-2458	-4515	-3220
Cash Withdrawals			-1430				
Credit Card Charges			-1279				
Destination Expenses				-2610	-2694	-1469	-2425
Devices and Equipment	-1325			-3384			
Film Training		-24					
Fixed Costs	-356	-321	-1173	-1351	-1157	-1204	-1139
Health Insurance		-161					
Miscellaneous					-83	-601	-2143
Online Services		-5					
Software and Online Services		-119					
Telephone service		-149					
Transportation			-2547		-3549	-2134	-3949
Travel Expenses	-848	-3057					
Total Expenses	-3556	-3973	-10082	-9970	-11828	-9923	-13959

Summarized from various income reports available at <https://karaandnate.com/income-reports/>.

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