

Chapter 2

Unraveling Metaverse's Retention Secrets: The Key to Profitability in a Virtual Economy

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ABSTRACT

As the Metaverse continues to surge in prominence, this chapter delves into the often-overlooked realm of customer retention within this digital landscape. Recognizing the pivotal role that customer retention plays in ensuring the long-term sustainability and profitability of virtual economies, this study endeavors to uncover the intricate secrets that drive lasting customer engagement within the Metaverse. At the heart of this chapter lies the development of a comprehensive conceptual framework designed for adoption by industry stakeholders. This framework acts as a bridge between theory and practical implementation, offering a multifaceted perspective on the factors that influence customer retention. Through literature research with a rigorous analytical lens, this study aims to equip businesses, creators, and investors with the knowledge necessary to thrive in the ever-evolving Metaverse. By applying this framework, stakeholders can cultivate enduring customer relationships, thereby transforming the Metaverse into a hub of sustainable profitability within the virtual economy.

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INTRODUCTION

The dawn of the Metaverse era marks a paradigm shift in our digital landscape, challenging conventional perceptions of cyberspace and reshaping the very fabric of reality as we know it. This chapter navigates through the uncharted territories of the Metaverse, a vast digital expanse where immersive experiences (Bandyopadhyay et al., 2023), decentralized economies (Aydoğan, 2023), and interconnected digital ecosystems converge (Jung, 2022). Amidst this transformative landscape, the chapter recognizes the pivotal role of customer engagement and how it leads to customer retention as the anchor for sustainability and profitability in the burgeoning virtual economy (Grewal et al., 2009).

As the Metaverse captivates our collective imagination with its boundless possibilities (Papa, 2022), it grapples with a fundamental challenge – the sustainability of customer interest over time (Lee, 2021). The allure of novel experiences in the Metaverse inevitably diminishes (Golf-Papez et al., 2022), emphasizing the critical need to understand and master the intricacies of customer retention within this digital frontier (Dwivedi et al., 2023). This chapter addresses a notable gap in the existing literature, venturing into the cryptic realm of Metaverse customer retention to unravel the elusive secrets that underpin sustained customer engagement.

Recognizing the Metaverse as a complex ecosystem with diverse participants – from individuals seeking immersive experiences (Golf-Papez et al., 2022) to entrepreneurs and investors aiming to unlock new frontiers (Ante et al., 2023) – this chapter positions customer relationships as central to the longevity and profitability of this digital realm. The chapter's primary objective is to develop a comprehensive conceptual framework grounded in the expectancy-value theory (Wigfield, 1994), transcending theoretical insights and serving as a bridge between academia and practical implementation. This framework, to be embraced by all Metaverse stakeholders, offers a multifaceted perspective on the myriad factors influencing customer retention.

We adopted expectancy-value theory based on social interaction and technological accessibility to explore customer retention and therefore narrowed it down to customer loyalty. Expectancy-value theory provides insights into individuals' decision-making processes, behaviors, and attitudes based on their expectations and perceived values associated with an action or outcome (Wigfield, 1994). The conceptual framework explains that engaging and interacting with customers in social gathering and getting their feedback gives a self of satisfaction and a sense of encouragement (Patel, 2018) which leads to customer loyalty and ultimately to sustainable growth and profitability (Innis and Londe, 1994). On a similar vein the customer experience towards accessing proper technology to actually use the service (Ertemel, 2021) leads the customers to comeback again and again and make

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