



Research Report | 12.11.2024

## Between culture and capital: how memecoins are stirring up the crypto market



**Memecoins have established themselves as a noteworthy phenomenon in the crypto market and currently account for around 3.9% of the sector's total market capitalisation at \$114 billion. With an outstanding performance, the sector is responsible for a significant share of blockchain activity and trading volume on centralised and decentralised exchanges in 2024. This development shows that memecoins have found a legitimate place in the crypto-ecosystem.**

The word meme was coined by evolutionary biologist Richard Dawkins, who in 1976 introduced the concept of a 'cultural gene' – an idea or behaviour that is passed from person to person, mutating and adapting as it goes, rather like genes in biology. Whether in the form of natural marketing or targeted propaganda, viral images, texts and ideas have always influenced societies.

### How memes became modern culture

With the advent of the internet and digital platforms, memes took on a new meaning and a new medium. The digital memes we know today first emerged in the 1990s, when people began sharing images, short texts or videos online. The internet meme, which was spread via forums, e-mails in the early days of the internet and later via social media, quickly developed into a modern phenomenon.

It allowed people to express ideas and spread social or political messages in a humorous and creative way – and thus influence pop culture, trends and even discussions. Overall, the origin of memes has evolved from the mere retelling of ideas to digital, viral distribution, in which each meme represents a kind of miniature culture.

### The (r)evolution of blockchain pop culture

With the development of blockchain technology, it was foreseeable that digital memes would also find their way into this world. The special charm of memes was expanded here to include new

possibilities: the ease with which they could be traded and transferred as a separate currency gave them additional appeal and areas of application.

Memecoins are cryptocurrencies inspired by internet memes and popular culture. Often introduced as a joke or to jump on viral trends, they differ from valuable assets such as Bitcoin or Ethereum. This lack of foundation makes them extremely volatile, which attracts users and deters 'value investors'.

Memecoins have little practical use. They are mostly blockchain tokens with no function in applications or transactions. They are advertised by creative people, held by communities or traded by speculators betting on the popularity of the meme. They are easy and inexpensive to create, and even the 'development team' has little control over their evolution. Memecoins are created mainly for speculation and a sense of community.

### Dogecoin: the first memecoin is born

The story of Memecoins begins in the first small mainstream crypto boom in 2013. At that time, the two programmers Billy Markus and Jackson Palmer created a copy of the Litecoin blockchain as a joke. Inspired by the popular 'Doge' meme of a dog, Dogecoin (DOGE) was a satirical response to the growing crypto hype. The duo had no plans other than to launch the cryptocurrency. Shortly after, the developers left the project behind.



But despite its origin, Dogecoin gained a loyal online community over time that identified with the 'meme'. Similar to the early days of Bitcoin, independent, anonymous market participants took over the operation of the network. Driven by the growing popularity of the Doge phenomenon, speculation in the cryptocurrency increased. In February 2014, Dogecoin finally broke into the top 5 cryptocurrencies by market capitalisation. The stage was set for a future sub-sector.

### How Memecoins found their place in the market

With the onset of the bear market in 2018, a large proportion of the then popular cryptocurrencies disappeared. Many once innovative networks were replaced by technically superior solutions. Only four of the top 100 currencies at the time have managed to defend their place to this day. Among them is Dogecoin, despite or perhaps because of the lack of a value proposition. Technological innovations over the last decade did not endanger the first meme coin, as the community is solely guided by the virality of the Doge phenomenon.

This phenomenon has attracted numerous imitators over the years. Especially after Dogecoin's breakthrough in 2021, thanks in part to Elon Musk's public support, there was a frenzy of new meme coins. Cryptocurrencies with new but also old memes gained in importance on various blockchains. What drove the hype was a lost sense of community and the hope for rapid social advancement after the Covid crisis of 2020.

### From subculture to blockchain: memecoins as a new financial phenomenon

Memecoins embody a rebellious attitude towards traditional financial systems, similar to the GameStop phenomenon, in that they rely on a 'fair launch' structure that allows everyone access without preferential investors. This structure reflects a resistance to elitist structures and a new form of financial self-determination.

Although often viewed as worthless and nihilistic, memecoins are driving blockchain adoption and are rooted in a long tradition of viral narrative culture.

Their significance lies less in their material value and more in the use of the blockchain as a communication channel that is increasingly becoming a form of expression for society.

### A lasting phenomenon?

Since their beginnings with Dogecoin and its successors, several memecoins have established themselves to this day. Dogecoin, with an impressive market capitalisation of 28 billion dollars, continues to be one of the ten largest cryptocurrencies. The entire sector, with around 114 billion dollars, has a market share of about 3.9% of the total market capitalisation.

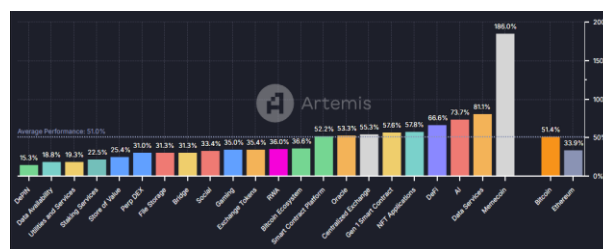


Figure 1: 3-month price development of crypto sub-sectors (memecoins: grey) / Source: Artemis

Although memecoins represent only a small share of the total market, they have firmly established themselves in the crypto universe. An analysis of the current year shows that this sector not only has one of the best performances, but also a significant share of blockchain and trading activities – with Solana as the dominant platform. As long as people form communities on the internet and resort to speculation for lack of other opportunities for social advancement, the growth of this sector is likely to continue.