

Weekly Hot Take

Are Memecoins Still a Thing? From \$JENNER to \$MOTHER

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Summary

Min Jung | Research Analyst
minjung@prestolabs.io

- The rise of memecoins on Solana has been accelerated by accessible platforms such as pump.fun, Bonkbot, and Photon, enabling trading and coin creation without coding skills. In May alone, Solana witnessed the creation of 455,000 new memecoins, drawing significant daily trading activity, with platforms like pump.fun generating millions in fees.
- Memecoins have thrived due to their exceptional return potential, their role as an accessible entry point into the crypto market for everyday people, and their ability to build strong communities, which are fundamental to any business.
- However, still the memecoin market suffers from pervasive manipulation by influential insiders, exacerbated by minimal regulatory oversight on decentralized exchanges.

Figure 1: Celebrity Memecoins

Source: Twitter



Love them or hate them, memecoins are one of the hottest sectors in both crypto and traditional finance. With Roaring Kitty back on the scene, GameStop saw another significant surge, and Roaring Kitty's live stream attracted nearly a million viewers, easily surpassing the number of FOMC viewers. In the crypto space, from celebrity memecoins like \$JENNER to \$RNT, countless memecoins have been created, with some reaching a billion-dollar market cap within days. With that in mind, this article aims to provide an overview of the current status of memecoins and explore why they might actually be here to stay.

Current Status

With tools like [pump.fun](#), Bonkbot, and Photon, memecoin trading has become much easier and more accessible for people to trade and create coins. Platforms like pump.fun allow individuals with zero coding knowledge to create coins without worrying about providing their own capital for liquidity pools (LP), and various bots, including Bonkbot and Trojanbot, enable people to easily trade memecoins through their phones.

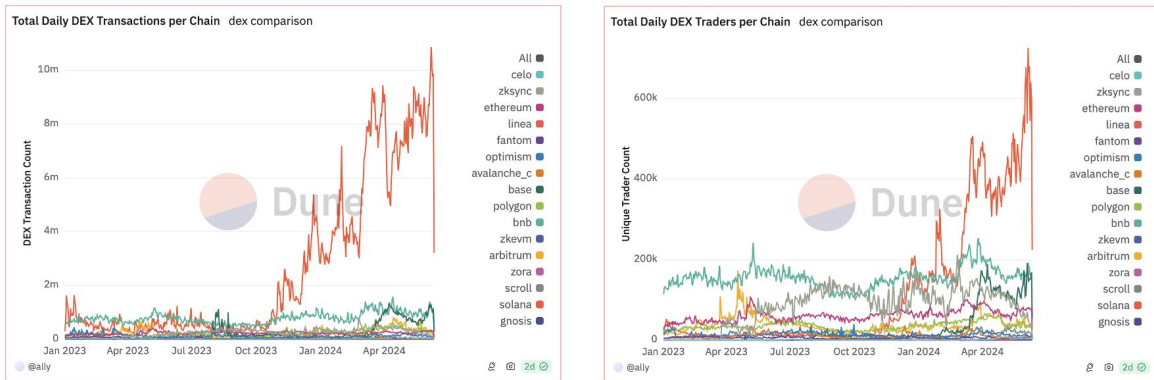
Due to the low gas fees and fast transaction confirmation speeds, 455,000 memecoins were created on Solana in May alone, attracting 600,000 daily DEX traders and generating 10 million DEX transactions per day. As more memecoins are created, Pump.fun has surpassed Uniswap's weekly revenue by generating \$3.3 million in just seven days from fees alone. Even blockchain foundations are turning their attention to memecoin, recognizing that they are now essential to their ecosystem; for example, the Avalanche foundation announced their memecoin fund in March while Base founder Jesse Pollak is promoting \$BRETT, recognizing that memecoins are becoming essential to the layer ecosystem.

With numerous memecoins being created daily, the meta has been constantly evolving. The hottest meta these days is the celebrity memecoin trend, which began with Caitlyn Jenner and Iggy Azalea. At one point, there was a trend of "~ on Sol" (e.g., \$BTC on Sol, \$ETH on Sol), and just last week, over

1,000 memecoins were themed around Andrew Tate. Of course, most of these coins eventually go to zero, leading to a new phenomenon called “CTO (Community Take Over),” where the developer abandons the project, and the remaining community members take over its development.

Figure 2: Statistics on Solana Memecoins

Source: Dune



Why They Might Actually Be Here to Stay

Return Profile

- In today's world, starting from zero, what kind of product could reach \$250 million or even \$1 billion in a week? Probably only memecoins.* Whether memecoins serve a useful purpose or not, from a pure investment perspective, they offer a compelling addition to a portfolio. During Consensus 2024, Joe McCann, CEO of Asymmetric Capital, recommended allocating 2-3% of a portfolio to memecoins, which could bring significant upside, at least in the current market. With 100x returns being common in the memecoin space, whether viewed positively or negatively, memecoins are undoubtedly a product that investors and portfolio managers should consider including in their portfolios.

Figure 3: Return Profile of Memecoins

Source: DEX Screener

\$BOME - reaching \$2B in 4 days



\$SLERF - reaching \$ 700M in 2 days



Good Entry for “Normies”

- Even for those unfamiliar with crypto, they have likely heard of Dogecoin and Shiba Inu. For many, Dogecoin will likely be their first purchase when entering the crypto market, rather than opting for a more complex option like ZKSync and understanding what ZK rollup is. While this might seem silly, memecoins actually serve as a gateway to crypto for newcomers by driving mass adoption. For example, Elon Musk tweeting about Dogecoin and discussing it on SNL has brought significant attention to the overall asset class. Additionally, memecoins actively advertise to reach a common audience through sports partnerships (e.g., \$FLOKI) and raising for advertisements on platforms like Sphere (e.g., \$WIF), helping the mass adoption process. This success is partly because memecoins are “cute and silly.” *Had Elon Musk mentioned a ZK rollup project on SNL, would it have attracted the same level of attention?*

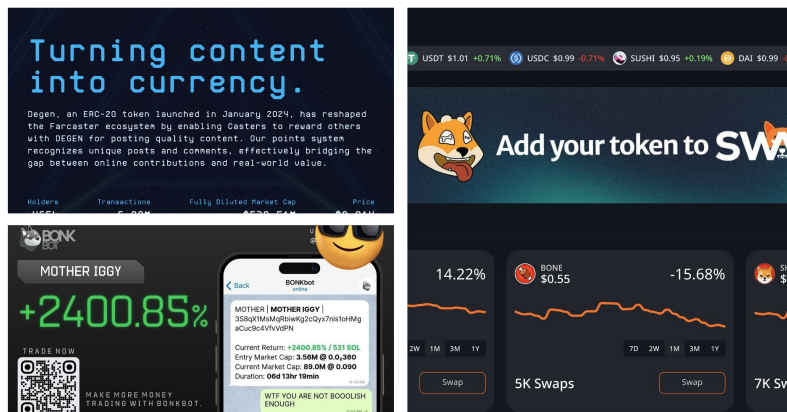
Community is Hard, Infra is Easy

- The most important ingredient to a memecoin's success is a strong community. When you look at successful Web2 startups, most began as communities, like Reddit. For example, Instagram and

- Facebook started with no revenue model but eventually introduced advertisements because they had built a “community.” The success of a business often depends more on its community than the technology itself, because once there is a strong community, any business can be easily built on top of it. This is exactly what is happening with memecoins these days. Bonk, initially considered as a “fake Doge,” now has Bonkbot, which has generated \$65 million in fees. Similarly, Shiba Inu is creating a Layer 2 solution called Shibarium. Even though a memecoin might seem “useless” at the beginning, it can expand in different ways as it builds a successful community. *Thus, criticizing a memecoin with a strong community for not having utility is similar to blaming early Facebook and Instagram for not having a revenue model.*

Figure 4: Meme-coins to Utility-coins

Source: Degen, Shibarium, Bonkbot



However...

Yes, of course, there are still many problems in the memecoin market. It is a highly manipulative market where prices can be driven by certain whales and insiders, and it is easy to manipulate with minimal resources. Most importantly, because trading mostly occurs on decentralized exchanges, there is almost no regulation. This results in frequent rug pulls on DEXs, where out of thousands of coins, only a handful will survive in the next couple of months. Therefore, it is crucial that we establish higher ethical standards and regulations to protect against these behaviors.

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Authors

Min Jung, Research Analyst : [X](#), [Telegram](#), [LinkedIn](#)

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