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More than a meme coin: A look into Dogecoin’s potential as an investment

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Dogecoin is a crypto asset that started as a joke about the speculations in the industry. Its creators intended to make it a coin that no one would take seriously, but things didn’t go as expected. In fact, ever since the introduction of this cryptocurrency, many people have been willing to invest in Dogecoin, which quickly became the biggest meme coin in the world in the first half of 2021, with its price increasing by over 15,000%. Over the years, this meme coin has seen substantial highs and dramatic lows, and surprisingly, it still has fervent supporters eager to learn about **dogecoin price prediction**. If you’ve been considering joining its tribe of investors and fans, you’re in the right place – in this blog, we will guide you through everything you need to know about investing in this cryptocurrency, so read on!

A look at Dogecoin’s price history

Dogecoin was introduced in 2013 via a fair lunch, and its creators are the software engineers Jackson Palmer and Billy Markus, who were inspired by the Doge meme. Initially, Dogecoin had a price of $0.0002993, with the coin reaching $0.001 in May 2017 and touching $0.0146 in January 2018 for a brief moment, only to crash again. It wasn’t until early 2014, when the entire crypto market started to boom that Dogecoin gained a massive advantage over other projects. Back then, Elok Musk, who is among the wealthiest men in the world, stated that he was also a Dogecoin enthusiast, and he started accumulating it in Q1 2021. As Musk continued to show support for DOGE, the coin’s price exploded, reaching an impressive ATH of $0.7376 on 8 May 2021, putting the market cap at $80 billion. As a result, the Dogecoin community developed the term “ Dogecoin millionaire” because it made many investors who chose this coin exceptionally rich. But the question is: does Dogecoin hold the same potential today?

Factors that make DOGE a potentially good buy right now

Increased accessibility compared to other meme coins

Unlike other meme coins, Dogecoin is much more accessible, as it trades on nearly all popular cryptocurrency exchanges. Not only that, but traditional brokerages also offer access to Doge, including retail-friendly platforms, which means that even if you don’t want to use a crypto exchange, there’s still an opportunity for you to invest in Dogecoin. This increased accessibility is a major advantage given that many meme coins are inaccessible for beginners, as investors require a self-custody wallet funded with crypto tokens.

Celebrity endorsements

Dogecoin has achieved many celebrity endorsements, including from Elon Musk, who has never missed a chance to show his fascination for Dogecoin. In fact, it is believed that his ongoing support was behind the meme coin's success in 2021. It is accepted as a payment option for Tesla merch, but some rumors state that DOGE could also potentially become an ecosystem currency for Twitter. Besides Musk, Mark Cuban (a billionaire TV personality and businessman) is also a Dogecoin enthusiast, and its NBA franchise also implemented the cryptocurrency as a payment option.

Large crypto community

Dogecoin has one of the most loyal communities in the broader crypto sector, which can be measured in different ways. For instance, it boasts over 7 million unique wallet addresses, among which Shiba Inu (the 2nd largest meme coin by market cap) has only 1.4 million, while Pepe, the 3rd biggest meme project, has only 281,000. The dominance of the Dogecoin community is also backed up by its social media presence, as the project has around 4 million followers on Twitter, and its posts achieve tremendous engagement (even when market sentiment is low).

When considering whether Dogecoin is a good investment, it's essential to be aware of the risks involved

As with any other crypto project, Dogecoin comes with some downsides. First of all, the meme coin has consistently undervalued other projects since its 2021 peak, which is quite a concern for DOGE holders, as it could indicate that interest in it is waning. Furthermore, its supply is not capped, compared to other meme coins, meaning there is no limit to the DOGE tokens that can enter circulation. This translates into a massive risk, given that 10,000 new DOGE tokens are issued through its mining framework every minute, diluting existing holders' asset value.

Dogecoin, just like other crypto projects, is prone to speculation and volatility, and this is something that you shouldn't overlook as an investor. An important thing to remember is that the value of it isn't based on any utility – this meme coin doesn't have an intrinsic value, and it frequently experiences wild pricing swings. If you are a risk-averse investor, you may want to think twice before choosing it as an investment. Lastly, it may have once been the only meme coin when it was first introduced in 2013, but this is no longer the case. At the moment, there are millions of meme coin creations, and each of them is competing for investors' attention. With only so much liquidity available from a realistic point of view, Doge now operates in a fragmented and oversaturated market.

To buy or not to buy Dogecoin?

As highlighted in this blog, it has some advantages but poses risks. Some market commentators perceive it as a short-term speculative asset, while investors are taking advantage of its price fluctuations. Dogecoin has seen widespread adoption over time, and many experts are optimistic about the future of this meme coin. While it underperforms other meme coins, it may be worth buying it, as long as it makes sense for your investment goals – ultimately, only you can decide if Dogecoin is a good fit for you or not. If you need any guidance, we encourage you to seek the help of a crypto financial advisor.

The bottom line

As you may know, cryptocurrencies involve a high degree of risk, and it’s possible to face losses along the way, so you need to be prepared for any kind of scenario. In order to decide whether Dogecoin is right for you, make sure to assess its pros and cons, and historical performance and seek the guidance of experts if necessary.

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