

Does the king of cryptocurrency Bitcoin still have a chance to continue to 'dominate'?

Bitcoin launched in 2009, holding a 'dominant' position in the volatile cryptocurrency market. However, Bitcoin's 'throne' is facing many challenges.

Bitcoin, the pioneering cryptocurrency launched in 2009, remains dominant in the volatile cryptocurrency market. However, Bitcoin's "throne" is facing a stiff challenge from emerging competitors, raising the question of whether it can maintain its hegemony or will give way to the new order.

The "throne" is challenged

Bitcoin dominance is measured by the ratio of market capitalization to the total cryptocurrency market. Recently, Bitcoin has witnessed many fluctuations. From an initial near monopoly, Bitcoin has had to share market share with the rise of altcoins (alternative cryptocurrencies).

In 2013, the first wave of altcoins appeared, bringing with them a significant increase in market capitalization for these coins. 2015 marked the birth of Ethereum and Ether, Bitcoin's strongest competitors. By 2017, the ICO (Initial Coin Offering) fever fueled the altcoin boom, causing Bitcoin dominance to drop to an all-time low, only to recover a few months later to above 50%.

Today, Bitcoin faces stiffer competition than ever from DeFi (Decentralized Finance), NFT (Non-Fungible Token) projects, the metaverse, and over 20,000 other cryptocurrencies.

In 2011, Litecoin, the first altcoin, was born, opening a new phase of the cryptocurrency market. 2013, dubbed "the year of Bitcoin" by Forbes, saw a rapid increase in the number of new altcoins. By May 2013, the market consisted of only about ten tokens, including Litecoin (LTC) and Ripple's XRP.

Meanwhile, Bitcoin prices skyrocketed as more investors began to explore the digital asset sector. Despite the competition, Bitcoin still dominates with a dominance rate of around 95%.

The "landfall" of ICO fever

In 2015, Vitalik Buterin and a team of developers launched Ethereum (ETH), a blockchain that offers many more applications than Bitcoin. However, Bitcoin is unfazed by competition from Ether (ETH), Ethereum's native token, and continues to account for 90-95% of the cryptocurrency market. The big change only happened in 2017, at the beginning of the ICO boom.

ICO - a popular crowdfunding method for cryptocurrency projects, became a prominent trend throughout 2017 and 2018. About 2000 ICOs were held during this period, attracting more than 10 billion USD. Money from Bitcoin has flowed into many newly emerged altcoins.

The rush into altcoins has threatened Bitcoin's dominance, causing the index to drop to an all-time low, around 37%, in January 2018.

However, the ICO fever only lasted for a short time. Investors realize that many ICO projects lack fundamentals or have questionable business practices. Some projects even become targets of surveillance by authorities. This negative sentiment has pushed the entire cryptocurrency market into a prolonged period of price decline and stagnation.

With the decline in the value of many altcoins and investor disillusionment with ICOs, Bitcoin dominance increased again, exceeding 50% by the end of 2018.

In 2019, Bitcoin prices saw a slight resurgence, trading at around \$7,000 by the end of the year, while Bitcoin dominance peaked at around 70% in September. However, the digital asset remained relatively stable until the COVID-19 pandemic broke out globally in 2020.

Since 2020, after a short COVID-induced price drop, the cryptocurrency market has seen an unprecedented price surge. Bitcoin dominance peaked at 72% in January 2021, its highest level since 2017, before falling to 39% in mid-2021.

Amid the ongoing pandemic, many people have turned to business and investing to pass the time. In response to the economic downturn caused by the pandemic, governments around the world have released more cash to stimulate the economy. Retail traders have invested a significant portion of their money in stocks, forex or cryptocurrency markets.

Is the rise of altcoins enough?

Following the media attention paid to cryptocurrencies in the second half of 2020, altcoins have become an attractive option for retail investors, despite their risks. For example, Shiba Inu (SHIB) prices have increased by more than 40 million percent in 2021.

The rapid growth of innovations such as DeFi and NFTs, which mainly exist on rival blockchains such as Ethereum and Solana (SOL), has reduced Bitcoin's market share. For example, Solana's price increased from \$1.50 to an all-time high of \$250 in 2021.

Since then, Bitcoin dominance has struggled to stay above 50%. The recent slowdown in Bitcoin dominance may be related to ETH 2.0, Ethereum's long-awaited transition to a proof-of-stake mechanism, and the ongoing bear market.

In recent years, the growth of the altcoin market has diluted Bitcoin's market share. Unlike the early years, when there were few competitors, Bitcoin is now competing with DeFi tokens, the increasingly popular NFT sector, and thousands of other cryptocurrencies.

For now, however, Bitcoin remains the leading cryptocurrency in terms of market capitalization, and Bitcoin's dominance is unlikely to disappear any time soon. For starters, many investors view Bitcoin as a store of value because of its finite supply, hence Bitcoin's nickname "digital gold."

However, like many valuable assets throughout history, if a better cryptocurrency emerges, the first-mover advantage will not last long. It remains to be seen whether another cryptocurrency will be able to dominate the market like Bitcoin did.

You finished reading the article "**Does the king of cryptocurrency Bitcoin still have a chance to continue to 'dominate'?**" edited by the [TipsMake](#) team. We hope this article has provided you with many useful tech tips and tricks. You can search for similar articles on tips and guides. Thank you for reading and for following us regularly.
