

## How Altcoins stay alive during bear markets

*For many months small to medium altcoins played an easy game by cloning popular, well working coins like bitcoin or dash and making small alterations. It did not last long. After the greed phase a period of falling prices (call it the crypto bear market) followed but altcoins found new strategies to cope with it.*

The following article is written by an author of a small sized altcoin called „VARIUS“ and will show you his observations.

Visit [www.variusproject.ml](http://www.variusproject.ml) for more information about his project. He works currently as a software developer and has been curiously observing the crypto markets through its bear and bull phases and will explain you some popular strategies which are being used by lots of altcoins currently.

This projects cloned popular, good working crypto projects like PIVX, added their custom brandings and pumped up the reward schedules (to attract investors by promising high rewards) and put big things like debit cards, ATMs or listings on popular exchanges on their roadmap.

The clone base projects like BTC, PIXS or DASH provides the needed technical base – fast and fork-proof wallet syncing, rewards for investors (mining by locking coins by running masternodes or staking wallets), modern user interfaces and most important of all: fast transaction times.

The general increased interest in crypto worked in their favour, so altcoins which have been created in an time of not more than 1week of work came to live and if they had enough money for listing on high-volume exchanges have been able to generate high trading volumes.

Also the pumped up reward schedules attracted investors, who don't want to own a altcoin which generates e.g. 1200% APR by just keeping them in your wallet.

Thats called proof of stake based altcoin mining, the wallets needs to be online 24/7 for best rewards.

But it seems all this projects are not doomed, they tend to get stronger over time and new people join the teams replacing others that left.

Just like humans evolved from hunting and collecting things in wild forests using basic tools to modern brain workers using very sophiscasted high tech devices.

The following series of events made the high prices and volumes of altcoins rush down:

- 1) Bitcoin drop - the crypto mothership went down in price, other follow

It crashed from 19k\$ to a bit more than 3k\$, other cryptos follow this movements and investor sentiment changes. During bull phases investors think „i should buy soon, it will be more expensive soon“, during bear phases they think „i should sell soon as long as its still worth a bit“.

## 2) Unrealistic roadmaps, broken promises

Most altcoin teams and developers simply underestimate what they are able to deliver with their small amounts of time and budget they can invest. It leads to promising things like ATMs, debit cards, big exchange listings e.g. Binance which do not get delivered at all or very late. A broken promise leads to low investor confidence, people usually dont want to to invest into failed or broken promises after they made that mistake once.

## 3) Developers go missing

This happens usually in small sized altcoins, delevopers are suddenly gone and no one knows where they are.

Maybe their children needed some attention too, maybe they were sick of people demanding too much e.g. asking for new real life use cases or exchange listings. Also often people with very limited computer skills need a lot of guidance to run their wallets, keep them updated and working correctly in case of forks.

Or maybe they thought about making quick money by selling funds which have been before reserved to be held as project budget. What happens if such people have kids or partners, will they dump them also if they don't like them anymore or troubles occur?

## 4) Inflation

The high reward schemes used by lots of altcoins generate large amounts of coins, since the greedy nature of humans makes them sell their generated coins instead of accumulating them this became an issue.

Example: A crypto project allows to hold coins in the crypto wallet and they will produce 100% up to 6k% annualy or even more than that by doing so (this is called proof of stake based mining).

Some supplies inflated by thousand percent yearly or more and „coin dumpers“ invaded them, so the price fell down until it cannot fall more technically (reaching the lowest technically/mathematically possible trading price) in BTC markets just to switch to new markets like DOGE which allow \$ prices for coins.

Also every day large quantities of new coins are released – the supply of different altcoins people can buy increases more and more – this overhead of supply grew a lot faster than new buyers arrived.

1) SWAPS – This is more a mathematical or psychological game. It describes the procedure where highly inflated coin supplies get exchanged to a new coin by giving people small amounts of new coins in exchange to big amounts of old coins.

It also helps when prices are low and sell walls build up on exchanges at the lowest technical price. In addition to that new development fees or budget coins can be added while releasing the new coin to fill up empty bags.

2) Fundraising

Very easy to do, projects just ask for donations to increase their budget, for most not small altcoins the amount of donations received is low.

3) Acceptance points

E.g. some teams created small webshops where you can pay with their coin only. They sell goods like gift cards, clothings, computer games etc. to make people buy their coin to use for payments there.

4) Pumps

Some teams buy their own coins hoping some people get by skyrocketing volumes and prices to think they need to jump in before its too late and buy coins. This pumps usually create popularity on social media or coin ranking websites but are not effective in increasing price for a long time.

5) Social media campaigns

Teams pay people a few cents to tweet or make videos about an altcoin.

6) Producing hot steam

Teams change the logo of an altcoin, give it a new name or add links to the website in the wallet. Its easy to make, looks like something has been improved and the team is working on things.

7) Fee business

This works best usually for proof of base staked and masternode enabled coins - in such systems people need to lock coins and keep their wallets online to generate new coins, you can do that for them and collect services fees. Optimize your technical infrastructure – run good priced wallet servers and max their resources out to make profit. But also for proof of work based coins its possible to e.g. run a mining pool and collect fees from miners.

8) VIP boost – Famous people join the team or make advertising.

Influencer X or crypto investment guru master Y can make a coin famous. Depending on the budget it can be a tweet for 100\$ from a person with lots of social media followers or a tattoo on someones arm with your coins name for 20k\$. With big budgets its also possible to sponsor sportsman e.g. car racers or UFC fighters.