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## TALLINAS KVARTALS COMPETITIVE ANALYSIS

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### **Abstract**

*Tallinas Kvartals* is a location in the heart of Riga, regularly frequented by young and creative culture enthusiasts, seekers of entertainment and leisure opportunities, as well as other residents and visitors of Riga. *Tallinas Kvartals* serves as a home for creative and artistic expressions. The company provides various services such as cultural and entertainment events, maintenance and management of the quarter, and collaborations with partners to enhance the quarter's appeal. The successful development of a creative quarter depends on effective collaboration among visitors, employees, and management, contributing to the neighbourhood and community identity. The creative quarters are a place where the visitor has both the opportunity to enjoy the cultural program and simply sit in a cafe. The industry of creative quarters is also developing rapidly in Latvia, providing the opportunity to visit at least 5 quarters in Riga, as well as outside it. The aim of this article is to explore the competition of the *Tallinas Kvartals*. This article analyses the 2 strongest competitors. While competitors such as *Kalneciema kvartals* and *Sporta 2* quarter present formidable challenges, *Tallinas Kvartals* remains distinctive in its approach and offerings. Improving the quality of services is an important factor for the competitiveness.

**Key words:** *culture, services, quality, competition.*

### **1 Introduction**

Riga harbours numerous forgotten and underutilized areas and properties, offering opportunities for innovative usage. Today, visitors want to receive several educational and entertaining opportunities – in one place. The creative quarters are a place where the visitor has both the opportunity to enjoy the cultural program and simply sit in a café [1]. This industry is also developing rapidly in Latvia, providing the opportunity to visit at least 5 quarters in Riga, as well as outside it. It is a great opportunity not

only to attract the surrounding residents, but also tourists. What exactly is a quarter? And can any creative backyard association call itself that?

Association *Free Riga* has pioneered a model for repurposing vacant buildings, providing space for creative endeavours for those lacking alternative venues or those seeking to embark on new ventures without high commercial rent risks.

## **2. Tallinas Kvartals Business Specifics**

*Tallinas Kvartals* was one of the first quarters in Riga that started its operation in 2017. Today, it has become a widely visited place, where the total number of visitors reaches 75,000 during the season. The quarter spans 6000m<sup>2</sup> and is a self-organized territory, managed by the association *Free Riga* from 2017 to October 2020, and subsequently taken over by SIA *Tallinas Kvartals*.

Quarter hosts various residents, including cultural spaces, street food vendors, cafes, bars, workshops, and more. Each evening offers diverse performances, concerts, exhibitions, or simply opportunities to enjoy various food and drink options.

The Quarter is home to residents such as the cultural space *Tau jau zini Kur*, Tallinn quarter hangar (6 street food caterers), *Ezitis migla* cafe, *Tallinas pagalmis* bar, various creative workshops, *Zakuska* cafe, Vespa rent, ceramic workshops, scenographers, sewing workshops, lighting artist and painters. Various performances, concerts, exhibitions, plays are offered every evening, or you can simply visit to enjoy various food/drink options.

Any creative quarter includes various features: 1) maintenance and management – currently there are more and more creative industries and quarters all over the world, their importance is very actualized, because almost every capital city, for example, London, Berlin, Tallinn and others, has creative quarters, which, first of all, make a financial contribution to the city or country, 2) promotes social cohesion and societal integration [1].

Therefore, the author concludes that the creative quarter is a certain area in the city where the economy, urban environment and social environment are improved and developed. In addition, the quarter is usually created during an economic downturn, where an industrial company takes over an abandoned area and turns it into a favourable and pleasant environment [1].

One of the characteristics of creative quarters is that representatives of different industries cooperate and unite in one area. In the sector of creative industries, "new values are created when technological innovation, artistic creativity and business entrepreneurship are combined to create and develop a new cultural product" [1]. Exactly how successfully visitors, employees

and managers will cooperate will be decisive for the development of the creative quarter, neighbourhood and community identity.

Cultural and entertainment events – are events intended for a wide audience so that they can receive an entertaining or educational service [2; 3]. These are events related to an art branch, culture, or values. The purpose of these events is to promote and spread culture. Cultural events have a certain role in the emotional, cognitive, and social development of the recipient of the service [2; 3]. This type of service for the client creates his quality indicators and emotional well-being. For the visitor to have the opportunity to participate in the event, a ticket must be purchased for it. To attract more visitors, the service can also be offered free of charge.

### 3. Competitor Analyses

Cultural competition includes not only similar art forms, but also anything else a consumer might choose to do instead of attending cultural events [3]. The author chose to compare the competitors of similar concepts according to the following criteria: location, cultural program offer, neighbourhood gathering events, etc. *Kalnciema kvartals* can be mentioned as the most active competitor because it is one of Riga's most lively cultural centres, which regularly hosts open-air music concerts, art exhibitions, events for families and children, theatre performances, educational seminars and other events. It has gained special popularity with the market of local farmers' and artisans' products. Quarter has become the largest non-governmental cultural centre of Pardaugava, which is visited by approximately 100,000 people during the year. Most events are free of charge.

The other main competitor is *Sporta 2* quarter, which is very close to *Tallinas Kvartals*. It is intended to be a dynamic, attractive, and multi-functional city block, combining contemporary design elements with some of the historically authentic features of this neighbourhood. It focusses on the development of the office segment of sustainable solutions, but will also include commercial, service, and residential functions, as well as spaces for public and corporate events, restaurants and cafes.

In terms of social media activity and number of followers, *Kalnciema kvartals* ranked first with around 44,000 more followers.

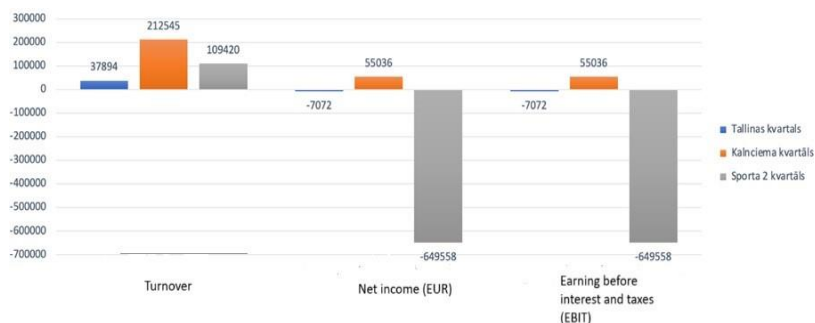
Two competitors, *Kalnciema Kvartals* and *Sporta 2*, were selected for the analysis.

Table 1

**Comparison of prices, 2021**

Product	Tallinas kvartals	Kalneciema kvartals	Sporta 2 kvartals
Cultural program	10–15 EUR	15–20 EUR	15–30 EUR
Food offer (average price for hot food)	7–15 EUR	12–20 EUR	7–15 EUR
Drink offer (average price for an alcoholic cocktail)	6–8 EUR	8–10 EUR	7–10 EUR

Prices are quite similar for all companies, and this is not an only determining factor for visiting the quarter. The impact of covid-19 on the consumption of cultural products and also their impact on financial results must be taken into account.

**Figure 1. Financial analysis comparison of competitors, 2021, Lursoft**

Available data for 2021 were compared and following conclusions were drawn:

1. *Kalneciema kvartals* is a company with the most successful financial situation. It is the only company that made a positive profit both before and after taxes in 2021, and it is the company with the highest turnover compared to the other companies.

2. *Sporta 2* quarter had a higher turnover than the *Tallinas Kvartals*, however, it experienced significant expenses in 2021, which indicates its large investments.

3. In terms of financial indicators, *Kalnciema kvartals* stands out with a positive return on assets, which indicates financial success, while the *Sporta 2* quarter has the weakest return on assets.

4. Regarding current assets ratios, all three companies are illiquid, but *Sporta 2* quarter is the most liquid, *Kalnciema kvartals* lags by 30 basis points and *Tallinas Kvartals* is the most illiquid.

#### 4. Conclusions

*Tallinas Kvartals* stands as a vibrant testament to the potential of repurposing neglected urban spaces into thriving cultural hubs. From its inception in 2017, it has evolved into a bustling centre of creativity and entertainment, attracting a diverse array of visitors with its eclectic offerings.

The success of *Tallinas Kvartals* underscores the importance of effective collaboration among stakeholders—visitors, employees, and management – in nurturing a sense of community and identity within the neighbourhood. By offering a wide range of cultural and entertainment events, as well as fostering partnerships with local businesses, the quarter has become a dynamic and inclusive space that enriches the social fabric of Riga.

While competitors such as *Kalnciema kvartals* and *Sporta 2* quarter present formidable challenges, *Tallinas Kvartals* remains distinctive in its approach and offerings. Despite facing financial constraints and liquidity challenges, its commitment to innovation and cultural enrichment continues to drive its growth and relevance in the creative landscape of Riga.

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