

# Facts for Consumers from the Federal Trade Commission Dance Studios -- November 1992

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Although dance lessons may offer opportunities for fun, entertainment, and companionship, they also may be more expensive than planned, especially if you do not know how to protect yourself against some dance studio sales practices. For example, beware of:

- Signing long-term contracts and prepaying thousands of dollars for dance lessons or clubs that you may be unable to complete or cancel;
- Signing additional contracts before the current one expires;
- Making large prepayments to studios that may be unable to give refunds should they suddenly close or go bankrupt.

In an effort to make consumers aware of certain sales practices used by some dance studios, the Federal Trade Commission (FTC) has prepared this brochure. It also suggests ways in which you can protect yourself.

## **Sales Techniques:**

If you are thinking about or are already taking dance lessons, you should understand the sales techniques that some dance studios may use to persuade you to take lessons, or to take additional lessons.

*Relay Salesmanship:* Some studio instructors use the technique of relay salesmanship (consecutive sales talks by more than one representative in a single day) to try to persuade students to buy lessons or buy more lessons. This tactic may put you under heavy pressure to sign a contract, encouraging you to buy lessons you may later realize you do not want or cannot afford.

*Overlapping Contracts:* Some studio instructors try to convince their students during lesson time to sign additional contracts before completing the current lessons. In some instances, you may unwittingly be buying additional lessons that extend beyond your interest, your physical fitness, or even your life expectancy.

*High-pressure Sales:* Some studio instructors, using high-pressure sales tactics, exploit student emotions or personal vulnerabilities to oversell lessons. Sometimes, when students refuse to buy additional prepaid lessons, instructors will neglect them in classes, embarrass them in public, or transfer them to a less skilled instructor.

## **Precautions:**

Awareness about the possible use of these sales techniques can help you avoid potential problems. In addition, you may avoid some potential problems if you comparison shop for dance lessons.

Finally, before signing or renewing a contract for dance lessons, consider taking the following measures.

Pay in advance for only a certain number of lessons to see if you like them. You may get a discount if you make a large prepayment on a long-term contract, but it will have little value if later you are unable to take the classes, you want to cancel them, or the studio closes before your lessons are completed. At this time, only a few states require studios to post bonds to protect consumers' prepayments.

Insist that the following items are clearly stated in writing:

- any oral promises;
- the cost per hour of private and group lessons;
- your cancellation and refund rights; (These are important in case you change your mind about lessons, move, or become ill.)
- any prepayment protections, if required by state law.

You can ask about these important items when you comparison shop.

Do not sign a contract immediately, especially if you have concerns about the stability of the studio or are asked to prepay a large amount of money for a lifetime membership, an exclusive club membership, or dance cruise offer. Take time to think about the matter and talk it over with a friend, a family member, or an attorney. Even if your contract offers you a refund or cancellation option, you may be unable to get your money back if the studio closes or its refund check bounces. Prepay only as much as you can afford to lose if the studio closes.

As an additional precaution, you might wish to contact your local or state consumer protection office to learn what rights you may have under local or state law with regard to maximum costs for contracts, cancellation and refund rights, studio bonding requirements, and a "cooling off" period, which may give you a few days to reconsider your decision after you sign your contract. Also, by contacting your local Better Business Bureau office, you may be able to learn if there are any current complaints registered against the dance studio you are considering.

## **Complaints:**

If you have a problem with a dance studio and cannot resolve it, send a letter describing your complaint to your local or state consumer protection agency and your local Better Business Bureau. (Check your phone directory for addresses.) Also, send a copy of your letter to: Correspondence Branch, Federal Trade Commission, Washington, D.C. 20580. Although the FTC generally cannot intervene in individual disputes, the information you provide may indicate a pattern of possible law violations requiring action by the Commission.