**Topics: Confidence Intervals**

1. For each of the following statements, indicate whether it is True/False. If false, explain why.
2. The sample size of the survey should at least be a fixed percentage of the population size in order to produce representative results.

**Answers: True,** the representation of the survey results should have a sample size. The sample size must be a fixed percentage of the total population size of the survey.

1. The sampling frame is a list of every item that appears in a survey sample, including those that did not respond to questions.

**Answers: False,** the sampling frames refers to a list of an item which responds to the question and not the ones which do not respond to the questions.

1. Larger surveys convey a more accurate impression of the population than smaller surveys.

**Answers: True,** the larger conveys a more accurate impression of the population as larger surveys involve large sample size which reduces the chances of error.

1. *PC Magazine* asked all of its readers to participate in a survey of their satisfaction with different brands of electronics. In the 2004 survey, which was included in an issue of the magazine that year, more than 9000 readers rated the products on a scale from 1 to 10. The magazine reported that the average rating assigned by 225 readers to a Kodak compact digital camera was 7.5. For this product, identify the following:
2. The population:

All readers of PC Magazine.

1. The parameter of interest:

Rating.

1. The sampling frame:

Readers that rated the product (around 9000).

1. The sample size:

225.

1. The sampling design:

Voluntary response.

1. Any potential sources of bias or other problems with the survey or sample: Selection of the readers, selection of the issue which will contain the survey.
2. For each of the following statements, indicate whether it is True/False. If false, explain why.
3. If the 95% confidence interval for the average purchase of customers at a department store is $50 to $110, then $100 is a plausible value for the population mean at this level of confidence.

**Answer:** True,

Reason: The 95% confidence interval for the average purchase of customers at a department store is $50 to $110. Which means that there is a 95% chance that the population mean will fall between $50 and $100. Hence, as $100 falls between $50 and $110, it is plausible value for the population mean at this confidence level.

1. If the 95% confidence interval for the number of moviegoers who purchase concessions is 30% to 45%, this means that fewer than half of all moviegoers purchase concessions.

**Answer:** True,

The 95% confidence interval for the number of movie goers who purchase concessions is 30% to 45%, this means that there is a 95% chance that only 30 to 45% of movie goers purchase concessions, which is less than 50%. Hence, we can infer that fewer than half of all the movie goers purchase concessions.

1. The 95% Confidence-Interval for *μ* only applies if the sample data are nearly normally distributed.

**Answer:** True.

1. What are the chances that ?
2. ¼
3. ½
4. ¾
5. 1

**Answer:** B.

The probability of getting a sample mean greater than population mean is 50%, as long as your sampling distribution follows a normal distribution (this occurs if the population is normal or the sample size is large).

1. In January 2005, a company that monitors Internet traffic (WebSideStory) reported that its sampling revealed that the Mozilla Firefox browser launched in 2004 had grabbed a 4.6% share of the market.
2. If the sample were based on 2,000 users, could Microsoft conclude that Mozilla has a less than 5% share of the market?
3. WebSideStory claims that its sample includes all the daily Internet users. If that’s the case, then can Microsoft conclude that Mozilla has a less than 5% share of the market?

**NOTE: The answers to the above question are in the Notebook attached.**

1. A book publisher monitors the size of shipments of its textbooks to university bookstores. For a sample of texts used at various schools, the 95% confidence interval for the size of the shipment was 250 ± 45 books. Which, if any, of the following interpretations of this interval are correct?
2. All shipments are between 205 and 295 books.

**INCORRECT.**

1. 95% of shipments are between 205 and 295 books.

**CORRECT.**

1. The procedure that produced this interval generates ranges that hold the population mean for 95% of samples.

**CORRECT.**

1. If we get another sample, then we can be 95% sure that the mean of this second sample is between 205 and 295.

**CORRECT.**

1. We can be 95% confident that the range 160 to 340 holds the population mean.

**INCORRECT.**

1. Which is shorter: a 95% *z*-interval or a 95% *t*-interval for *μ* if we know that σ =s?
2. The z-interval is shorter
3. The t-interval is shorter
4. Both are equal
5. We cannot say

**Answer:** Option A is correct.

95% confidence interval for mean is shorter for z-interval because t-critical is greater than z-critical value. Yes, z-interval is always shorter because t-critical cannot be smaller than z-critical value.

Questions 8 and 9 are based on the following: To prepare a report on the economy, analysts need to estimate the percentage of businesses that plan to hire additional employees in the next 60 days.

1. How many randomly selected employers (minimum number) must we contact in order to guarantee a margin of error of no more than 4% (at 95% confidence)?
2. 600
3. 400
4. 550
5. 1000

**Answer:** Option A

**Solution:** Z-score at 95% confidence interval = 1.96

Margin of error, M=4%=0.04

According to the formula, M= Z\*sqrt((p\*(1-p)/n)….Solving this, we get n=600

(Take p=0.5 for minimum value)

1. Suppose we want the above margin of error to be based on a 98% confidence level. What sample size (minimum) must we now use?
2. 1000
3. 757
4. 848
5. 543

**Answer:** Option C

**Solution:** At 98% confidence level, Z=2.326. Putting this value in the above formula, we get, n=848.