

**Example 1**

$H_0$ : The type of music being played has no effect on wine sales.

$H_a$ : The type of music being played has an effect on wine sales.

T.S.

$$\begin{aligned}\chi^2 &= \sum_i \sum_j \frac{O_{ij}^2}{E_{ij}} - n \\ &= \frac{30^2}{34.2} + \frac{39^2}{30.6} + \frac{30^2}{34.2} + \frac{11^2}{10.7} + \frac{1^2}{9.6} + \frac{19^2}{10.7} + \frac{43^2}{39} + \frac{35^2}{34.9} + \frac{35^2}{39} - 243 \\ &= 18.45\end{aligned}$$

$$\nu = (k - 1)(r - 1) = (3 - 1)(3 - 1) = 4$$

R.R.

For  $\alpha = 5\%$ , reject  $H_0$  if  $\chi^2 > \chi_{0.05}^2(4) = 9.49$

Conclusion:

Since observed  $\chi^2 > 9.49$ , we can reject  $H_0$  at 5% level of significance and conclude that wine sales depend on the type of music being played.

**Example 2**

$H_0$  : A die is fair. or  $p_i = \frac{1}{6}$ ,  $i = 1, \dots, 6$

$H_a$  : A die is not fair.

T.S.

$$E_i = np_i = 360 \times \frac{1}{6} = 60 \quad i = 1, \dots, 6$$

$$\begin{aligned}\chi^2 &= \sum \frac{(O_i - E_i)^2}{E_i} \\ &= \frac{(49 - 60)^2}{60} + \frac{(52 - 60)^2}{60} + \frac{(47 - 60)^2}{60} + \frac{(71 - 60)^2}{60} + \frac{(73 - 60)^2}{60} + \frac{(68 - 60)^2}{60} \\ &= \frac{121 + 64 + 169 + 121 + 49 + 64}{60} = \frac{708}{60} \approx 11.8\end{aligned}$$

$$\nu = k - 1 - r = 6 - 1 - 0 = 5$$

R. R.: Reject  $H_0$  if  $\chi^2 > \chi_{0.05}^2(5) = 11.07$

Conclusion: Since the observed  $\chi^2$  is very close to critical value at 5% level of significance, we need to be very careful to make a decision.

**Example 3** See excel file.