

In August 2003, the Frito-Lay Company introduced Lay's Stax Original Potato Crisps as a competitor to Proctor & Gamble's Pringles Original Potato Crisps. In February 2004, Frito-Lay placed advertisements in newspapers and on radio stating that "America prefers the taste of Lay's Stax Original Potato Crisp over Pringles Original Potato Crisps." The ads attributed this statement to a national taste test. P&G immediately asked Frito-Lay to stop running the ads, which it said were false. The magazine *Consumer Reports* decided to weigh in on this issue in their July 2004 issue. They conducted a blind taste test among staff member volunteers to compare the two products. Ultimately 111 people participated in the taste test. Of the 98 people who had a preference, 63 preferred Stax. If you were the Federal Trade Commission, and were asked to rule on P&G's complaint based on the *Consumer Reports* study, how would you rule? Carefully state the hypotheses you are testing and the test(s) that you are using.