Answer on Question #38253 – Economics - Microeconomics

An economic measure of consumer satisfaction, which is calculated by analyzing the difference between what consumers are willing to pay for a good or service relative to its market price. A consumer surplus occurs when the consumer is willing to pay more for a given product than the current market price.

Consumers always like to feel like they are getting a good deal on the goods and services they buy and consumer surplus is simply an economic measure of this satisfaction. For example, assume a consumer goes out shopping for a CD player and he or she is willing to spend $250. When this individual finds that the player is on sale for $150, economists would say that this person has a consumer surplus of $100.