# From Privacy Washing to Sustainable Data Strategies: A Theory-Based AI Approach

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Cite as:
Zhong Ziqi (2026), From Privacy Washing to Sustainable Data Strategies: A Theory-Based AI Approach. *Proceedings of the European Marketing Academy*, 55th, (133671)

Paper from the 55th Annual EMAC Conference, Bath, United Kingdom, June 2-5, 2026

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## Abstract

We develop analytical models characterizing when sustainable data strategies enhance profits and consumer surplus. To enable scalable measurement, we introduce PrivaAI, an AI agent fine-tuned on 28,360 human evaluations (1,418 policies) achieving 92.5% alignment with consumer perceptions. Analyzing policies from 10 million websites reveals: (i) systematic privacy deterioration with market position, (ii) substantial industry heterogeneity, (iii) regulatory asymmetries—GDPR yields balanced improvements while CCPA shows uneven patterns.A pre-registered experiment (N=610) confirms PrivaAI predicts consumer behavior and uncovers an "authenticity paradox": consumers perceive high-quality policies with dimensional inconsistency as less deceptive than uniform excellence, interpreting selective excellence as genuine prioritization rather than privacy washing. These findings provide a scalable foundation for benchmarking privacy practices with actionable insights for firms and regulators.



**Track:** Methods, Modelling & Marketing Analytics