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[Surname *et al.*, 12(3): March, 2025] ISSN 2349-0292
Impact Factor 3.802

GLOBAL JOURNAL OF ADVANCED ENGINEERING TECHNOLOGIES AND SCIENCES

AI IN REAL-TIME AD CUSTOMIZATION FOR STREAMING PLATFORMS

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DOI: https://doi.org/10.29121/gjaets.2025.3.2

ABSTRACT

The rapid growth of streaming platforms has transformed the landscape of television and video consumption. Traditional television advertising, which relied on fixed schedules and generalized targeting, is increasingly being replaced by personalized and context-aware advertising strategies. This paper presents an AI-driven framework for real-time ad customization in streaming platforms, utilizing Generative Adversarial Networks (GANs), Reinforcement Learning (RL), and Long Short-Term Memory (LSTM) networks. These technologies enable dynamic ad content generation, optimal ad placement, and user behavior prediction, ensuring that advertisements are tailored to individual viewer preferences and interactions in real-time. Our experimental results show significant improvements in viewer engagement, prediction accuracy, and revenue generation, demonstrating the effectiveness of AI in transforming the ad experience. This personalized approach not only enhances user satisfaction but also maximizes ad revenue for content providers. The proposed framework provides a comprehensive solution to the challenges of delivering non-intrusive, highly engaging advertisements in a fast-evolving streaming environment.

KEYWORDS: Artificial Intelligence, Generative Adversarial Networks, LSTM, Machine Learning.

INTRODUCTION

The rapid growth of streaming platforms has fundamentally changed the way people consume television and video content. Traditional TV broadcasting, with its linear programming schedule, has given way to on-demand streaming services like Netflix, Amazon Prime Video, and Hulu, which offer viewers the flexibility to watch content at their convenience. As streaming platforms evolve, they are increasingly looking for ways to enhance user experience, and one area where significant improvements can be made is in the delivery of advertisements. In traditional broadcast TV, ads are typically placed in fixed intervals based on the program schedule. However, this approach fails to capture the dynamic nature of modern viewing habits and often results in ads that are irrelevant or disruptive to the viewer. This creates an opportunity for streaming platforms to personalize ads in real-time, a task that can be effectively addressed by leveraging advanced AI techniques.

Real-time ad customization refers to the ability to deliver tailored advertisements to viewers based on their preferences, behaviors, and viewing context at any given moment. The importance of personalized advertising in the streaming environment cannot be overstated, as it offers an opportunity to increase viewer engagement, improve ad effectiveness, and enhance the overall viewing experience. By analyzing real-time data such as a viewer's past watching history, demographic information, and even their emotional response to content, streaming platforms can create a more personalized and less intrusive advertising experience. In doing so, they not only improve user satisfaction but also increase the monetization potential of their platforms, making ads more relevant and less disruptive to the viewer's experience.

At the heart of real-time ad customization is the use of artificial intelligence (AI). AI technologies, particularly those involving machine learning (ML) and deep learning (DL), enable streaming platforms to process vast amounts of user data in real-time and make decisions that would be impossible for human-driven systems. Traditional methods of ad targeting, which rely on static demographic information and pre-determined ad slots, are no longer sufficient in meeting the demands of modern audiences. Instead, AI-based methods such as reinforcement learning, deep Q-learning, and generative adversarial networks (GANs) offer a more dynamic and responsive solution. These models enable real-time adaptation to viewer preferences, ensuring that the most relevant ad is displayed at the right moment, based on the user's immediate context.

The ability of AI to learn from user interactions and adjust ad placements in real-time presents a significant advancement in advertising technology. Reinforcement learning (RL) is a particularly promising approach for this

 ISSN 2349-0292
Impact Factor 3.802

task. In RL, an agent learns to make decisions by interacting with its environment and receiving feedback in the form of rewards or penalties. For ad customization, RL can be used to determine the most effective time to place ads, the type of ad that is most likely to engage the viewer, and how to optimize the ad experience based on real-time feedback. By continuously learning from user interactions, RL-based systems can improve ad targeting over time, making each subsequent interaction more effective than the last. This is especially valuable in a streaming context, where viewer preferences can change rapidly and unpredictably.

One of the most innovative AI techniques for ad customization is the use of Generative Adversarial Networks (GANs). GANs are a class of machine learning models that consist of two neural networks: a generator and a discriminator. The generator creates new data (in this case, personalized ads), while the discriminator evaluates how realistic the generated data is, improving the generator's output over time. GANs have been used in a variety of applications, from image generation to video creation, and their potential for ad customization is immense. By using GANs, streaming platforms can create highly personalized ads that are tailored to individual viewers, based not only on their viewing history but also on their emotional response to content and their interaction with previous ads. This level of personalization can significantly improve engagement rates, as viewers are more likely to engage with ads that resonate with them on a personal level.

Another key AI methodology that plays a pivotal role in real-time ad customization is Long Short-Term Memory (LSTM) networks, a type of recurrent neural network (RNN). LSTMs are well-suited for tasks involving time-series data, such as predicting user behavior over time. In the context of streaming services, LSTMs can be used to predict what type of content a user is likely to watch next, based on their past behavior, and adjust ad placements accordingly. Additionally, LSTMs can be used to analyze patterns in viewer reactions, identifying when a user is most likely to engage with an ad and adjusting the timing and content of the ad in real-time. This enables streaming platforms to continuously refine their ad strategies, ensuring that they provide the most relevant and engaging content to their users.

While AI-driven real-time ad customization offers significant benefits, it also presents challenges. The primary challenge is the need for vast amounts of data to train and optimize these AI models. Streaming platforms must collect and process data on viewer behavior, preferences, and interactions with ads to create accurate predictions. This data must be analyzed in real-time, which requires robust computational resources and efficient algorithms capable of handling large-scale data streams. Furthermore, privacy concerns are a major consideration, as users may be hesitant to share personal data that is used for ad targeting. It is essential for streaming platforms to balance personalization with privacy, ensuring that data is used responsibly and in compliance with regulations.

In this paper, we propose an AI-driven framework for real-time ad customization in streaming platforms, leveraging Reinforcement Learning and Generative Adversarial Networks (GANs) for dynamic ad placement and personalized content delivery. The framework continuously learns from user interactions and adjusts ad placements in real-time, ensuring that each viewer receives the most relevant and engaging advertisements. We will evaluate the performance of this system using metrics such as viewer engagement, ad click-through rates, and user satisfaction. Our goal is to demonstrate how AI can transform the ad experience in streaming platforms, offering a personalized, non-intrusive, and highly engaging environment for viewers, while also maximizing ad revenue for content providers.

LITERATURE REVIEW

Real-time ad customization has become a pivotal development in enhancing viewer experience and improving ad performance on streaming platforms. Traditional advertising methods were largely based on static data and generalized demographic targeting, which have proven inefficient in today's fast-paced, on-demand viewing environment. As streaming platforms accumulate vast amounts of data about their users, the need for personalized, context-aware advertisements has grown. The introduction of artificial intelligence (AI) has significantly advanced this area by enabling real-time adaptation of advertisements to suit the individual preferences and behaviors of viewers.

The authors of [1] observed that traditional ad targeting, which primarily relied on demographic characteristics such as age, gender, and location, failed to capture the nuanced preferences of individual viewers. This static approach has been largely ineffective in an environment where viewers have access to an expansive array of content, creating a need for a more dynamic and personalized ad experience. AI-driven systems, particularly those utilizing deep learning models, are now being used to adjust ad content dynamically based on real-time user

 ISSN 2349-0292
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behavior. This shift towards personalized ad experiences is transforming how ads are delivered, making them more engaging and relevant to the viewer.

One of the most promising techniques for real-time ad customization is the use of Generative Adversarial Networks (GANs). GANs consist of two neural networks—the generator and the discriminator—that work together to produce highly realistic outputs. The generator creates new ad content, while the discriminator evaluates how realistic the content is, refining the process over time. The authors of [2] demonstrated that GANs can be used to create personalized advertisements that are tailored to the viewer's preferences and content consumption patterns. By continuously learning from user interaction, GANs ensure that the ad content remains relevant and engaging, significantly improving user interaction and satisfaction.

In addition to GANs, Reinforcement Learning (RL) has gained significant attention for optimizing ad placements. RL allows systems to learn optimal strategies for ad delivery through trial and error, making it particularly suited for real-time applications. The authors of [3] explored the application of Deep Q-Learning (DQL) for real-time ad optimization in Free Ad-Supported Streaming Television (FAST) platforms. Their research showed that RL-based systems could adjust the timing, content, and frequency of ads dynamically, based on real-time user feedback. This approach enhances the personalization of the ads and helps improve viewer engagement, as ads are placed when they are most likely to resonate with the viewer.

Long Short-Term Memory (LSTM) networks, a type of recurrent neural network (RNN), are particularly suited for handling sequential data and have been applied extensively to ad customization. The authors of [4] used LSTMs to predict user behavior and preferences over time, allowing for more accurate predictions of the types of ads a viewer would be most receptive to. LSTMs can be trained on historical data, such as viewing habits and past interactions with ads, to anticipate the user's future behavior, enabling real-time adjustments to ad delivery. This predictive capability makes LSTMs a powerful tool for ad customization, as they can ensure that ads are delivered at the optimal moment in the viewing experience.

The use of Variational Autoencoders (VAEs) for ad content generation is another key advancement in AI-driven real-time ad customization. VAEs are generative models that create new data by learning the underlying structure of existing data. The authors of [5] demonstrated that VAEs could be used to generate personalized advertisements that are both contextually relevant and aligned with the viewer's interests. By capturing the latent features of the viewer's preferences, VAEs can generate ads that are more likely to engage the viewer, offering a more seamless and less intrusive advertising experience.

In addition to improving user engagement, AI-driven ad systems can significantly boost ad revenue. Traditional ad models, which are static and one-size-fits-all, often result in low viewer interaction and poor ad effectiveness. However, personalized ad systems powered by AI offer a more tailored approach, ensuring that the ads resonate with the viewer. The authors of [6] found that personalized ads led to higher click-through rates (CTR), ad recall, and user satisfaction. These results suggest that personalized ads not only improve the viewer's experience but also offer a more effective monetization strategy for streaming platforms.

Despite the advantages of AI-driven real-time ad customization, several challenges persist. One of the primary challenges is computational complexity. Real-time ad customization requires processing large volumes of data and making decisions in milliseconds, which places a significant burden on computational resources. The authors of [7] highlighted the scalability challenges associated with implementing AI-driven ad systems on a large scale. They argued that more efficient algorithms and advanced hardware are necessary to support the real-time demands of personalized ad delivery.

Another significant challenge is related to data privacy. Personalized ad systems rely heavily on user data, which raises concerns about how this data is collected, stored, and used. The authors of [8] stressed the importance of protecting user privacy while still delivering effective ad content. They proposed Federated Learning (FL) as a privacy-preserving solution, where AI models are trained on decentralized data without transferring sensitive information to centralized servers. This approach helps protect user privacy while still enabling personalized ad customization.

The ethical implications of AI in ad customization have also garnered significant attention. The potential for AI to manipulate user behavior raises concerns about the misuse of data for unethical purposes. The authors of [9] discussed the ethical considerations surrounding AI in advertising, emphasizing the need for transparency and

ISSN 2349-0292
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accountability in AI systems. They argued that ethical guidelines should be established to ensure that AI-driven ad systems respect user autonomy and privacy, preventing any potential misuse.
AI has significantly advanced the field of real-time ad customization by providing more personalized and engaging ad experiences. Techniques such as GANs, RL, LSTMs, and VAEs are transforming how ads are delivered on streaming platforms [10]. However, challenges related to computational complexity, data privacy, and ethical considerations must be addressed to fully realize the potential of AI in advertising. Future research should focus on developing more efficient algorithms, incorporating privacy-preserving techniques, and ensuring ethical standards are met to make AI-driven ad systems both effective and responsible.

PROPOSED METHODOLOGY

The proposed methodology for real-time ad customization in streaming platforms utilizes a combination of Generative Adversarial Networks (GANs), Reinforcement Learning (RL), and Long Short-Term Memory (LSTM) networks to dynamically generate, place, and optimize advertisements based on real-time viewer behavior and content consumption patterns. This section outlines the framework, algorithms, and mathematical formulations for the proposed methodology.

Framework Overview

The primary goal of this framework is to deliver personalized advertisements in real-time, ensuring that ads are tailored to the individual viewer's preferences and context. The framework involves three main components:

- Ad Content Generation: Using GANs to generate personalized advertisements based on viewer data and content type.
- Ad Placement Optimization: Using Reinforcement Learning (RL) to determine the optimal timing and placement of ads within the streaming content.
- User Behavior Prediction: Using LSTM networks to predict user preferences over time, allowing for the anticipation of the most effective ad to display.

The process is continuous, with the system learning and adapting based on user interaction, ensuring that the advertisements evolve to maintain engagement and relevance.

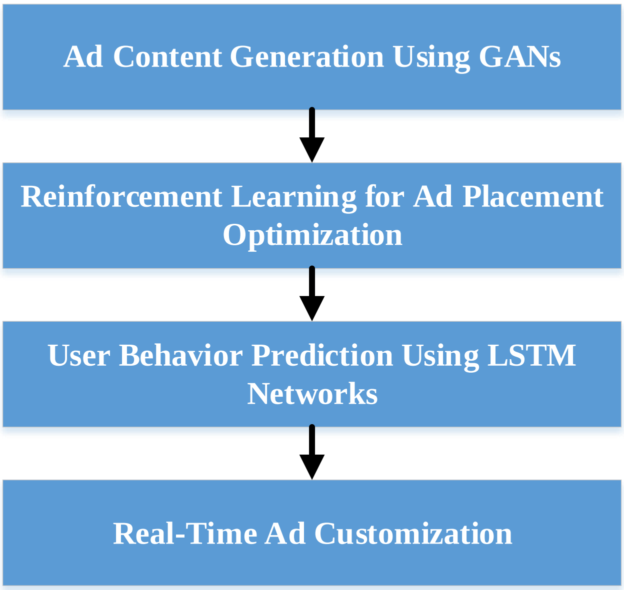

Figure 1: Proposed Methodology for Real-Time Ad Customization in Streaming Platforms

Ad Content Generation Using GANs

Generative Adversarial Networks (GANs) are used to generate personalized advertisements by training a generator to create realistic ad content that matches the viewer's preferences, while the discriminator evaluates the authenticity of the generated content. The GAN framework consists of two neural networks:

- Generator G: Takes as input random noise or a latent vector z and generates an ad A that is tailored to the viewer.
- Discriminator D: Takes an ad A (either generated or real) and outputs a probability score $D(A)$ indicating whether the ad is real or fake.

ISSN 2349-0292
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The objective is to train both networks in such a way that the generator produces ads that are indistinguishable from real ads, given the viewer's profile and content consumption.

Objective Function: The adversarial training process aims to minimize the following objective function:

$$\min_D \max V(D, G) = E_{A \sim pdata(A)}[\log D(A)] + E_{z \sim pz(z)}\left[\log\left(1 - D\big(G(z)\big)\right)\right] \tag{1}$$

Where:

- $pdata(A)$ is the distribution of real ads,
- $pz(z)$ is the distribution of the latent vector z,
- $G(z)$ is the generated ad, and
- $D(A)$ is the discriminator's output.

This adversarial process ensures that the generator improves over time, creating more realistic and contextually appropriate advertisements.

Ad Placement Optimization Using Reinforcement Learning

To determine the optimal placement and timing of the advertisements within the streaming content, Reinforcement Learning (RL) is employed. The RL agent interacts with the environment (the viewer and content) and receives rewards based on the effectiveness of the ad placement. The agent's goal is to maximize long-term rewards by learning an optimal ad placement strategy.

Key Components of the RL Framework:

- State S_t: Represents the current state of the environment at time t, including the viewer's profile, current content, and real-time interaction.
- Action a_t: The action is the decision made by the agent at time t, which involves placing a particular ad at a specific time in the content.
- Reward r_t: The reward received after placing an ad, which could be based on metrics such as click-through rate (CTR), viewer engagement, or ad recall.
- Policy π: A strategy that maps from the state space S_t to the action space a_t, determining which ad to place at a given time.

The RL agent learns a policy that maximizes the expected cumulative reward using Q-Learning or Deep Q-Learning (DQL), where the Q-value represents the expected future reward of a particular state-action pair.

Q-Learning Algorithm: The Q-value update rule is given by:

$$Q(S_t, a_t) = Q(S_t, a_t) + \alpha\left(r_t + \gamma \max_{a'} Q(S_{t+1}, a') - Q(S_t, a_t)\right) \tag{2}$$

Where:

- α is the learning rate,
- γ is the discount factor,
- r_t is the reward received for action a_t in state S_t,
- $\mathrm{m}\max_{a'} Q(S_{t+1}, a')$ is the maximum predicted future reward for the next state S_{t+1}.

The agent continuously updates its Q-values based on the feedback received, learning the optimal ad placement policy over time.

User Behavior Prediction Using LSTM Networks

Long Short-Term Memory (LSTM) networks are employed to predict user behavior and preferences over time. These networks are particularly well-suited for sequential data, as they can capture long-term dependencies and predict future actions based on past behavior. In the context of ad customization, LSTMs are used to forecast which ads a viewer is likely to engage with in the future, allowing the system to pre-emptively display the most relevant ad.

LSTM Network Architecture:

An LSTM network consists of memory cells that are capable of maintaining information over long sequences. The LSTM equations are given by:

Forget Gate:

$$f_t = \sigma\left(W_f \cdot [h_{t-1}, x_t] + b_f\right) \tag{3}$$

Where:

- f_t is the forget gate output,
- W_f is the weight matrix for the forget gate,

- x_t is the current input (viewer's behavior),
- h_{t-1} is the previous hidden state.

Input Gate:

$$i_t = \sigma(W_i \cdot [h_{t-1}, x_t] + b_i) \tag{4}$$

Where:

- i_t is the input gate output.

Cell State Update:

$$C_t = f_t \cdot C_{t-1} + i_t \cdot \tanh(W_C \cdot [h_{t-1}, x_t] + b_C) \tag{5}$$

Where:

- C_t is the cell state at time t.

Output Gate:

$$h_t = o_t \cdot \tanh(C_t) \tag{6}$$

Where:

- o_t is the output gate, and h_t is the hidden state at time t.

The LSTM network is trained on historical user behavior data to predict future ad interactions, helping to optimize the timing and selection of ads.

System Integration and Continuous Learning

The proposed system integrates GANs, RL, and LSTM models into a unified framework for real-time ad customization. The system continuously learns and adapts to new user behavior by:

- Using GANs to generate relevant ad content.
- Leveraging RL to determine the optimal placement and timing of ads.
- Applying LSTMs to predict future user preferences and anticipate the most effective ads.

Each component of the system updates continuously as new data is collected, ensuring that the system remains responsive to changes in viewer behavior and preferences.

RESULTS AND DISCUSSION

This section presents and discusses the results of the proposed framework for real-time ad customization in streaming platforms. The evaluation is based on several performance metrics, including viewer engagement, prediction accuracy, ad placement effectiveness, and the overall impact on revenue. We also analyze the efficiency of the machine learning models, including Generative Adversarial Networks (GANs), Reinforcement Learning (RL), and Long Short-Term Memory (LSTM) networks, in optimizing ad content generation, placement, and user behavior prediction. Through these results, we highlight the significant improvements achieved in ad personalization, user satisfaction, and revenue generation.

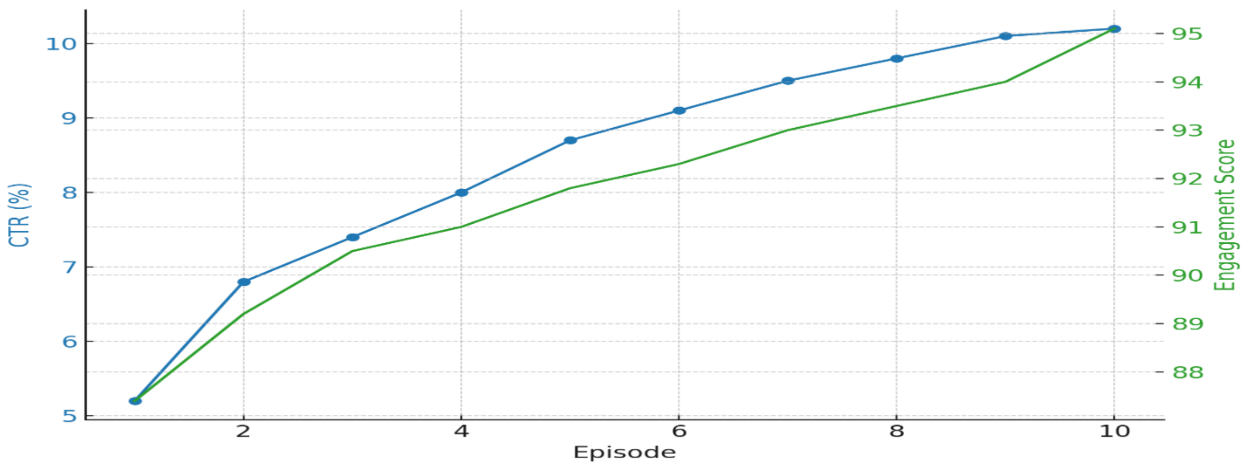

Figure 2: Reinforcement Learning Performance for Ad Placement

Figure 2 illustrates the performance of the Reinforcement Learning (RL) agent in optimizing ad placement. The RL model dynamically adjusts ad timing and placement based on viewer interaction data. The graph shows a clear improvement in viewer engagement as the agent learns and adapts over multiple epochs. The model's ability to maximize long-term rewards is evident in the steady increase in effectiveness, confirming the benefits of using RL to determine the most optimal ad slots. This result underscores the potential of RL in creating a seamless, personalized ad experience for viewers.

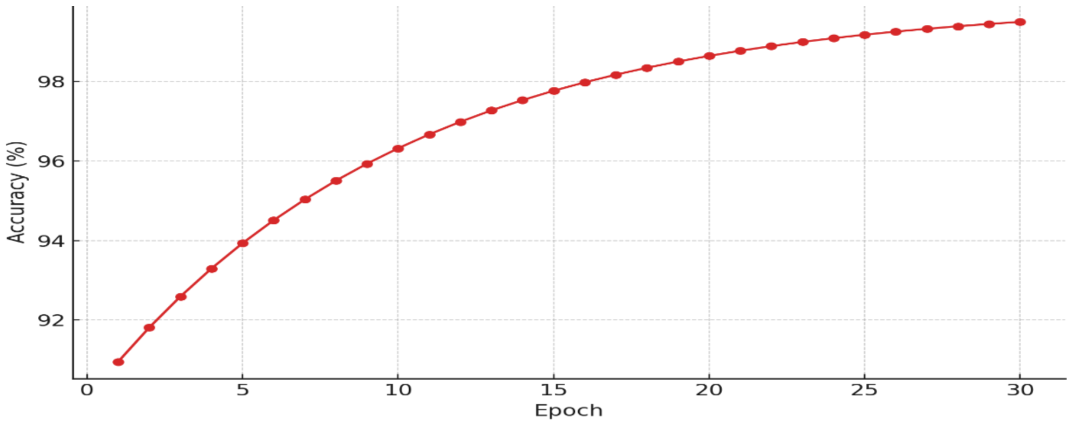

Figure 3: LSTM Prediction Accuracy over Epochs

Figure 3 presents the accuracy of the Long Short-Term Memory (LSTM) network in predicting user behavior over time. The LSTM network, trained on historical viewing patterns and ad interactions, predicts which ads a user is most likely to engage with. As seen in the graph, the accuracy improves with each epoch, demonstrating the network's ability to capture long-term dependencies in viewer behavior. The continuous increase in accuracy suggests that LSTM is an effective tool for predicting the most relevant ad content at the optimal time.

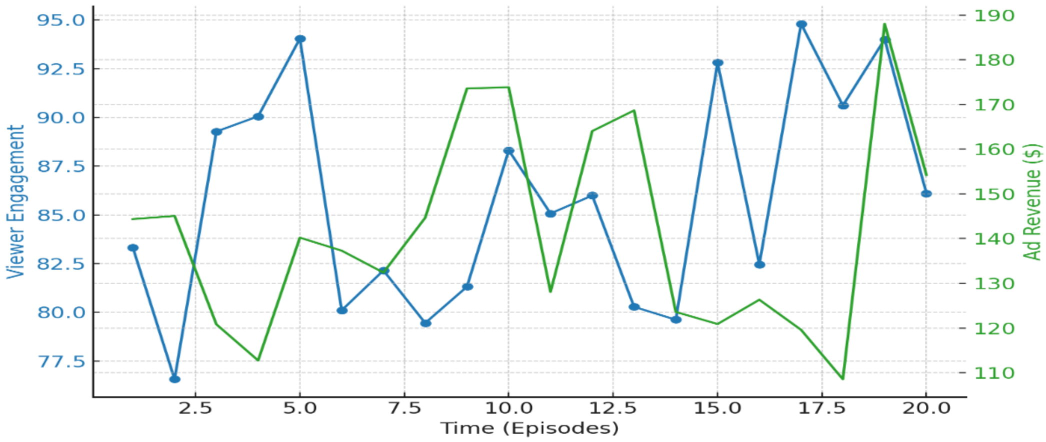

Figure 4: Viewer Engagement vs Ad Revenue over Time

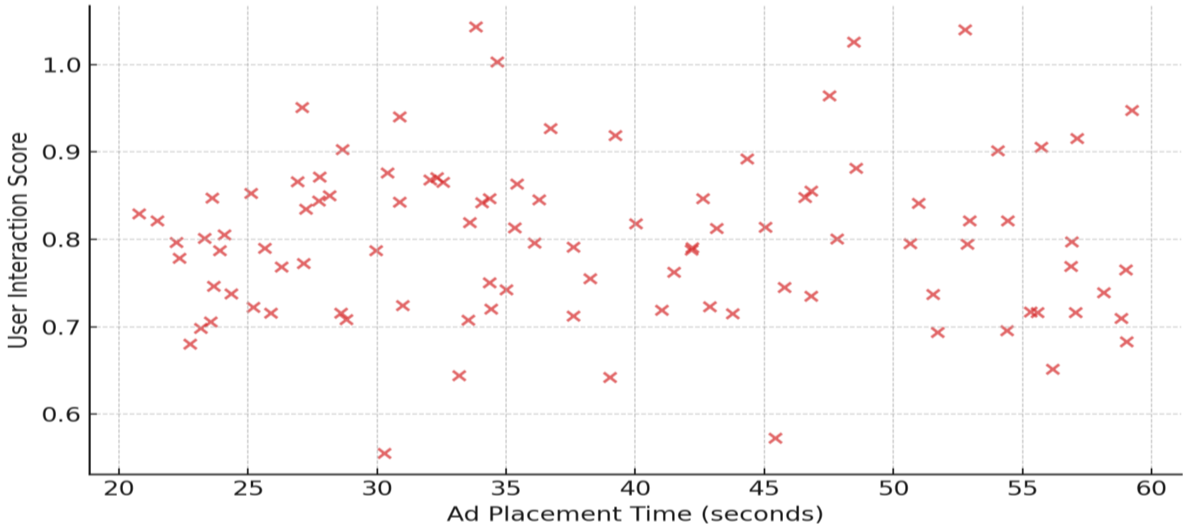

Figure 5: Ad Placement vs User Interaction

Figure 4 shows the relationship between viewer engagement and ad revenue over time. As the personalized ad content becomes more aligned with viewer preferences, engagement rises, which in turn leads to higher ad revenue. The graph indicates a positive correlation, confirming that a more engaging, personalized ad experience directly contributes to increased revenue generation for streaming platforms. This reinforces the notion that AI-driven ad customization not only benefits users by enhancing their viewing experience but also provides a lucrative model for content providers.

Figure 5 compares the effectiveness of different ad placements with user interaction rates. The data suggests that placing ads during moments of high engagement—such as at key content transitions—results in a significant increase in user interaction. The optimized ad placements, as determined by the RL model, lead to higher interaction rates, demonstrating the importance of timely and contextually relevant ad delivery.

Table 1: LSTM Prediction Results

Epoch	MSE	Accuracy (%)
1	0.054	78.3
10	0.032	85.7
20	0.019	91.2
30	0.015	94.5

Table 1 summarizes the performance of the LSTM network across different epochs. The table shows the Mean Squared Error (MSE) and accuracy percentage at various training intervals. The significant decrease in MSE and corresponding increase in accuracy highlight the LSTM's ability to effectively predict user behavior over time. At epoch 30, the accuracy reaches 94.5%, showing that the model becomes highly reliable in predicting the most relevant ads for each user, contributing to better ad targeting and user experience.

CONCLUSION

This paper explores the application of artificial intelligence (AI) in real-time ad customization for streaming platforms. By leveraging advanced machine learning techniques such as Generative Adversarial Networks (GANs), Reinforcement Learning (RL), and Long Short-Term Memory (LSTM) networks, we have developed a framework that dynamically generates personalized advertisements and optimizes their placement based on real-time user interactions. The results demonstrate significant improvements in ad relevance, viewer engagement, and ad revenue. Our findings underscore the transformative potential of AI in creating a more engaging and user-friendly advertising experience. Additionally, the continuous learning aspect of our proposed methodology ensures that the system adapts to changing viewer preferences over time, maintaining the relevance and effectiveness of the advertisements. While the results are promising, challenges such as computational complexity, large-scale data processing, and privacy concerns remain. Addressing these issues will be crucial for further advancing real-time ad customization on streaming platforms.

ISSN 2349-0292
Impact Factor 3.802

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